

# BUSINESS WEEK

YEAR  
AGO

WEEK  
AGO

## HOLDING THE LINE — How we've done for two years

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The Line — as set Apr. 8, 1943



COST OF LIVING



WAGE RATES



FARM PRICES

START  
OF WAR  
1939

BUSINESS  
WEEK  
INDEX

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Cap 2  
1-  
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## The most important part of this picture is the *FLAME*

THE ENGINES of high-flying planes "breathe" in rarefied atmosphere by means of the turbosupercharger which supplies them with air.

The turbosupercharger—a small, high-speed turbine-type air compressor (see sketch below)—is driven by the energy in the exhaust flames from the plane's engines.

Driving turbines by gas flames has been a dream of engineers for many years. However, they had to wait for the metal parts that would remain hard and strong enough to withstand the wear of flaming heat at terrific speed.

Alloys that are strong even when red hot and, at the same time, adequately resistant to corrosion and wear were developed more than 20 years ago by HAYNES STELLITE COMPANY, a Unit of UCC. All these years the ways to shape any but simple parts of these "red-hard" alloys have been too slow and costly for mass production. Now Haynes Stellite has perfected a new technique for making cast precision parts by the millions and this has made turbosuperchargers possible and practical.

Gas turbines, jet-propelled planes and similar important scientific developments are making swift strides now because this unit of UCC gives engineers mass production of precision parts that remain strong, hard and wear-resisting even when red hot.

▼  
*Engineers, designers, and teachers are invited to send for booklet 1-4 "Tables of Physical, Mechanical and Chemical Properties—Products of Haynes Stellite Company." There is no obligation.*

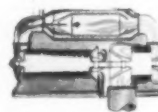
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# TAILOR-MADE CREDIT FOR POST-WAR BUSINESS

**W**HILE putting everything we've got into war production, it is necessary to work out post-war plans NOW. Jobs won't be made by waiting and wishing. Capital and labor are cooperating in this effort.

Adequate credit is an essential of active business and therefore of making jobs. So banks throughout the country have set up a two-way program to provide ample post-war credit for business—small, medium-sized and large:

First, by promoting among themselves the widest possible use of newer lending methods. Second, by organizing regional Bank Credit Groups—now 22 in number, with 18 more forming—to back up individual banks in assuring adequate credit, especially to small business concerns.

*Private* industry and *private* banking have helped make America great. By working together they will do an even better job in the years ahead. Private banking is ready to supply credit in full measure to competent firms or individuals for all constructive purposes.

\* \* \*

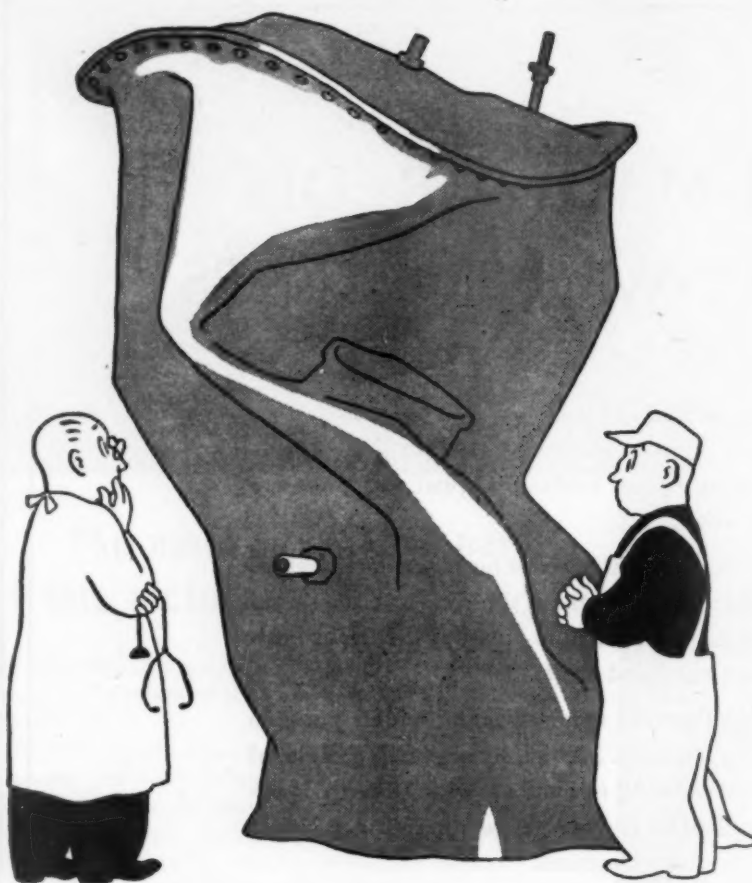
"Financing Post-War Business" is the title of a recent pamphlet. We shall be glad to send you a copy on request to Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

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## BUSINESS WEEK

### WHERE TO FIND IT

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## WHERE WE STAND

For the first time since the preinvasion jitters of a year ago (BW-29'44,p5), the home front has the idea of where it stands. Major uncertainties hanging over the head of the civilian economy are clearing up by one—some for better, some for worse. Either way, the consequences are now more or less measurable.

Senate action this week finally removed the threat of compulsory manpower legislation (but the threat has the effect of nudging more work into essential occupations). No one expects to hear from it again.

Byrnes' final report (page 15) sketches the official pattern of policies to be followed after V-E Day. At the foundation of Byrnes' program is the assumption that strengthening the civilian economy is vital to pushing an all-out war in the Pacific. Detailed plans now being put together by WPB and other war agencies will follow along this line.

### Military Demands Trimmed

Essential civilian goods in many lines are the shortest since the start of the war, but there are multiplying signs that the military voluntarily, or by constraint, is tending more toward bringing its demands into conformity with physical production limits and making room for imperative nonmilitary needs.

In discussing the dangerously tight food situation, Under Secretary of War Robert P. Patterson, long the most rigorous spokesman of the military viewpoint, struck an entirely new and astonishingly melodious note: "The Army does not subscribe to the theory that Army and other military requirements must invariably be given first priority, with civilians getting only what is left over."

In addition to kind words, the civilian economy has something tangible to show—34,000 tons of carbon steel transferred directly by the Army to the Office of Defense Transportation. This will permit construction of some 2,000 boxcars, which will bring total boxcar production for the first three quarters of the year up to the goal of 20,000.

### Army to Be More Tactful

Byrnes' report also laid down the ground rules for economic stabilization after V-E Day. It's now safe to go on the assumption that the wage-price line

will hold—with the usual amount of stretch—throughout the period of one-front war (page 19).

V-E Day, so Byrnes promises, will bring an end to the most irritating of the psychological restraints—the curfew, the brownout, the ban on racing. Army dictation of home-front policies will be handled more tactfully, even if it is not abandoned altogether.

### Subject to Change

This Indian summer on the home front may end abruptly if the Pacific war develops any unpleasant surprises. A setback will bring an immediate tightening up at home.

Even without a setback, the military may find that its tentative estimates of what the Japanese war will require are too low in some lines. In any case, the Army's comparatively indulgent attitude toward the home front is likely to toughen up again as the time approaches for invasion of the Asiatic mainland, just as it did before the invasion of Europe.

## LISTING WHAT'S NEEDED

WPB's Office of Civilian Requirements is laboring over a list of essential goods, trades, and services which will be singled out for priorities—in materials and in manpower—during the scramble after V-E Day.

So far as civilian hard goods are concerned, the list represents a modern-

Paper is a No. 1 war material shortage, because over 700,000 different war items are wrapped, packaged, labeled, tagged, or made from paper or container board. And the Pacific war, when it speeds up, will require stupendous amounts of paper and board since double and triple packing are required for protection against weather and insects.

So please—

- (1) Share this magazine. The number of copies that can be printed is limited, due to the paper shortage.
- (2) Then put this magazine into paper salvage.
- (3) And look over your store room to get wastepaper of any kind for paper salvage.

Then you'll be doing an "extra" to aid the war effort and speed victory.

ization of the one plugged by Donald Nelson last summer when WPB was still hoping that a successful invasion of France would ease civilian supplies (BW-Jun.24'44,p18). On the soft goods side, it will include many items of clothing—work clothing, children's clothing—now critically short and expected to become scarcer.

Both War Mobilization Director James F. Byrnes and WPB Chairman J. A. Krug made it plain this week that "war-supporting" civilian needs would henceforth be treated on a par with direct military needs.

## GREAT LOAD LIFTED?

Except for small credits from the limited resources remaining in this fiscal year's lend-lease appropriation, the Administration is postponing decision on requests from abroad for rehabilitation loans until Congress acts on the Bretton Woods agreements, which include membership in the International Bank for Reconstruction & Development.

Advocates of U. S. adherence to the agreements see a great load lifted from this country through the authority of the International Bank, with its capital of \$9,100,000,000, to lend and guarantee private loans to member governments. In the absence of this mechanism, the Administration could expect requests for loans from abroad that might exceed \$10,000,000,000.

The greatest single application for credit comes from the Soviet Union for \$6,000,000,000. The State Dept. has declined to make this loan in the fourth Russian lend-lease agreement, now in process of negotiation. This credit will probably be covered in part by the International Bank—if Congress decides to support it—and in part by the Export-Import Bank, with the balance made up by a special credit which Congress would be asked to authorize.

## CONGRESS ON TAX SPOT

Widespread demands for prompt formulation of a postwar tax system have put Congress in a tight spot.

Congressmen agree that having a definite tax program on the shelf would help business in its reconversion planning, but studies by the staff of the Joint Committee on Internal Revenue have convinced many that tax cuts after the war will have to be much



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...that most businessmen now  
...they are afraid that they will be in-  
...trouble if they start work on a  
...war tax program before this idea  
...had time to sink in.

## of for Corporations

Congressional leaders would like to  
...fine tax revisions after V-E Day to  
...administrative measures designed to  
...ce up the cash position of hard-  
...essed corporations.

Four suggestions that have general  
...port are: (1) Give more liberal de-  
...ciation allowances, particularly for  
...first few years after new capital  
...ods are installed; (2) permit immedi-  
...redemption of the bonds that rep-  
...ent the 10% refund on the excess-  
...fits tax; (3) permit corporations to  
...imate carrybacks that will be avail-  
...le to them and offset anticipated  
...unds against current tax payments;  
...increase the excess-profits tax ex-  
...ption from \$10,000 to \$25,000.

The House Ways & Means Com-  
...mittee probably will start work on a  
...ll containing these provisions in the  
...spring or early summer. The pres-  
...ent plan is to steer away from any  
...bate on rate reductions, but once  
...the subject of taxes comes up, it will  
...be hard to duck the rate issue.

## ONE MAN—THREE JOBS

Fred M. Vinson, the man who has  
...held three top government jobs within  
...month—Economic Stabilization Direc-  
...tor (\$15,000), Federal Loan Adminis-  
...trator (\$12,000), and Director of War  
...Mobilization & Reconversion (\$15,000)  
...feels very low.

After almost a year in the tough  
...economic stabilizer spot, Vinson was all  
...ready to settle down at the federal loan  
...post in what he frankly said was a "sweet  
...job," when Byrnes quit, and Roosevelt  
...pulled the rug from under him again.

Sen. Alben Barkley's Senate col-  
...leagues are accusing him of monopoliz-  
...ing federal appointments for Kentucky.  
...Barkley's reply: Yes, but it's always the  
...same Kentuckian.

## PAYMENTS DELAYED

The long-standing feud between the  
...procurement agencies and the General  
...Accounting Office again is holding up  
...contract termination settlements.

Although the contract settlements act  
...confined the Comptroller General to

postaudits and detection of fraud (BW—  
...Jul.4'44,p17), GAO accountants are  
...going over many terminations with a  
...fine comb and holding up payment to  
...the contractor until procurement officers  
...explain the settlements.

Contractors are pressing the contract  
...settlement director, Robert Hinckley,  
...to step in.

## OPA TIGHTENS MPR 126

There's more than meets the eye in  
...OPA's recent revision of Maximum  
...Price Regulation 126 (machines, parts,  
...and industrial equipment). Revision  
...is intended to pave the way for simpler,  
...tighter pricing of components for civil-  
...ian metal goods, in anticipation of re-  
...conversion.

OPA has already found present loose  
...pricing of parts a bottleneck in formu-  
...lating pricing standards for reconversion  
...goods.

## A. & P. TRIAL SLATED

The government's off-again, on-again  
...antitrust suit against the Great Atlantic  
...& Pacific Tea Co. (BW—Mar.4'44,p94)  
...will finally go on trial, Apr. 16, in Dan-  
...ville, Ill.

To get Carl Byoir, A. & P.'s public  
...relations counsel and one of the de-  
...fendants, to appear at Danville, the  
...Justice Dept. had to get a federal court  
...order this week in New York City.

## MAY CHANGE TEXTILE ORDER

There's at least an even chance that  
...WPB will abandon M-388, the omnibus  
...order designed to channel textiles into  
...essential civilian clothing (BW—Feb.  
...24'45,p17), in favor of the kind of  
...control provided by M-328-b, which has  
...been used to get production of many  
...items of children's wear.

If this happens, broad controls over  
...all clothing and textile production  
...would be replaced by individual pro-  
...grams on specific items with priorities  
...extending clear back to the mill level.

There is considerable trade support  
...for such a shift, largely because the  
...M-328-b approach is regarded as less  
...of a straitjacket on nonessential pro-  
...duction. WPB view is that if M-388  
...is replaced, it will be because textiles  
...are so scarce that even tighter con-  
...trols are needed. In this case, WPB  
...thinks, the trade will wish it had  
...M-388 back again.

## "EXILED" TO GERMANY?

Establishment of Allied control of  
...Germany's internal affairs is affording  
...an opportunity for transferring from  
...Washington officials whose home-front  
...activities have backfired.

Lt. Col. Ralph W. Olmstead, who  
...has been generally credited with re-  
...sponsibility for War Food Adminis-  
...tration's policy of hedging against sur-  
...pluses—to the point where it has con-  
...tributed to present scarcities—will take  
...charge of German agriculture and civil-  
...ian feeding.

Maj. Gen. Lucius D. Clay had pre-  
...viously been relieved of his duties as  
..."adjutant" to the War Mobilization  
...Director, to join Gen. Eisenhower's staff  
...as deputy for German civil affairs (page  
...113).

Rumors won't down that Under Sec-  
...retary of War Robert P. Patterson will  
...shortly be given a foreign assignment,  
...for the same reason that Clay was  
...transferred—driving the U. S. civilian  
...economy on too tight a rein.

## COLD SHOTS UNDER FIRE

So-called cold vaccines, as such,  
...probably will be removed from the  
...market as a result of conclusions by  
...the National Institute of Health.

The biological products have been  
...under attack as having doubtful thera-  
...peutic value (BW—Jan.13'45,p29). The  
...word "cold" on their labels is a mis-  
...nomer, in NIH's opinion, because the  
...products are aimed at the secondary  
...infections that complicate many colds,  
...rather than at the cold itself, which  
...is attributed to a virus rather than to  
...a bacterial infection preventable with  
...vaccine.

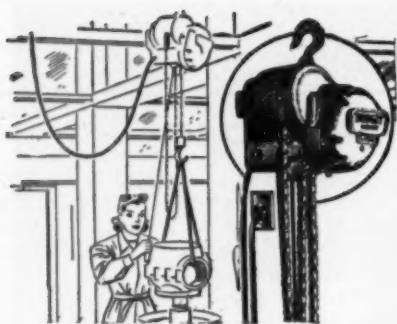
"Oral cold vaccines," which have  
...soared to popularity as over-the-counter,  
...nonprescription items, are likely to lose  
...their licenses altogether on the basis  
...of new NIH tests.

## ARMY EYES WEST COAST

The armed services are concerned  
...with the four-day lag in routine paper  
...work between the West Coast and  
...Washington, now that the emphasis of  
...war is shifting to the Pacific. This  
...may result in shifting of many opera-  
...tions now in Washington and on the  
...East Coast generally to the West Coast  
...if facilities can be found.

The military feels that the saving  
...of a day in air mail and four days or





## Equal a man

A woman with a 'Budgit' electric hoist may machine, assemble or inspect heavy parts with the speed and efficiency of a strong man.

Even a man's production increases, at lower cost, if he is provided with a 'Budgit' hoist to do the lifting for him. Electricity costs much less than human energy. All the workers' strength is devoted to work and no longer is there the dread of strain, rupture or sprained backs.

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more in rail mail justifies the transfer of many functions—some of them of a record-keeping or subsidiary nature—which naturally center around Washington as long as the weight of conflict is in Europe. Big problem will be housing and office space.

## DEAL WITH CHILE

Speculation concerning the future of the war-born U. S. synthetic industry took a new turn this week with the revelation that the State Dept. has promised Chile that government-owned synthetic ammonia plants will be kept in standby after the war instead of competing with Chilean nitrate.

The State Dept.'s promise to Chile is drawing fire in the Senate, where Administration critics claim that the Senate should have been consulted. And the farmers' friends in Congress don't propose to let them be deprived of cheap ammonia which government plants can make.

## CAPITAL GAINS (AND LOSSES)

Ten thousand copies of James F. Byrnes' first report on "Problems of Mobilization and Reconversion" (issued Jan. 1) have been bought by the British public, under a joint reprint arrangement made by the Office of War Information with His Majesty's stationery office.

To assist Henry Wallace in mapping his ambitious program for the Commerce Dept., heads of all bureaus and offices will put into the secretary's hands this week end a statement of policies and activities projected by them for the fiscal year commencing July 1.

The Commerce Dept.'s Business Advisory Council is tendering a testimonial dinner shortly to Jesse Jones, former Secretary of Commerce.

Seeking to avert another natural gas shortage in the Appalachian area next winter, the Federal Power Commission this week authorized the Panhandle Eastern Pipeline Co. to boost its mainline capacity by 50,000,000 cu.ft. per day to 383,000,000 cu.ft. The project was initiated by WPB, which already has granted high priorities for equipment (BW—Feb. 17 '45, p. 39).

—Business Week's  
Washington Bureau

## THE COVER

The Line, as set by the White House to check the rising tide of inflation, bulges—but to all intents and purposes is holding. Floodtide, however, is yet to come (page 19).

DIFFICULTIES OF DOING BUSINESS  
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down Brother!  
Put that suitcase  
down!



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# THE OUTLOOK

BUSINESS WEEK

APRIL 7, 1945



Outstanding fact about the Byrnes report (page 15) is that it puts us back on familiar footing—40% reduction in arms output within a year after Germany is eliminated as a formal fighting force.

No more of that talk about cutbacks limited to 15% in the first year, much less about one war being as big as two.

**But the new 40% isn't exactly the same as the 40% we all talked about last autumn. Most important to business planning, the timing is different. Controls will come off more slowly; demobilization will be less rapid.**

The promise of a 40% reduction in arms needs between the ends of the two wars is pleasing from an economic standpoint.

(1) This should enable us to fight inflation most effectively—by producing needed civilian hard goods in quantity within six to nine months.

(2) It wouldn't be deep enough to threaten serious unemployment, hoarding of savings because of fear, deflation.

**If the cuts were to be very much deeper, danger of depression would increase.** Ending of the two wars close together—90% cutbacks in, say, six months—would mean government controls to prevent economic collapse.

The Army has told the Office of War Mobilization & Reconversion that its needs will drop 15% to 20% in the quarter after victory in Europe and "about 40% before the end of the year following the defeat of Germany."

**Notice that word "before." In less than a year, Army's requirements will be down to 60% of present.** The Army figures it can lick Japan with 60% of the war materials it is now getting—and maybe less.

Naval shipbuilding, on present schedule, will be down one-third by the beginning of next year, and Maritime Commission will be down 60%.

Naval ordnance is one of the few programs that will continue to rise after V-E Day, but it isn't a very large part of total war output.

Aircraft requirements aren't settled, will depend on the Japanese war.

If aircraft is cut back moderately—as is entirely likely—the over-all reduction in the armed services' needs within a year will be just about 40%.

**Then there is the matter of timing military needs. This is tricky stuff.**

Army, says Byrnes, will "accept more deliveries" from U. S. plants in the three months following the defeat of Germany in order to allow time for transshipment of equipment from Europe to the Pacific.

In other words, war plants will run at 80% of the present rate while the ground forces are brought to full strength in the Pacific. Then, Byrnes adds, "Deliveries within the United States will be reduced sharply."

Yet he goes on to talk of a 20% cutback in the quarter after V-E Day, 5% in the second quarter, and another 5% in the third.

**If war output is to be held up to 80% for three months, then "reduced sharply," it will certainly be down more than 30% within nine months. Don't overlook this inconsistency as you plan for reconversion.**

**Another factor in timing is our progress in the Pacific (page 111).**

The Battle of the Bulge set us back, prolonged the war in Europe. But it didn't slow us up in the Pacific. The whirlwind Philippine campaign, capture of Iwo Jima, invasion of Okinawa all prove that.

Superfortresses can fly from Iwo to Tokyo with round-trip fighter cover;

# THE OUTLOOK (Continued)

**BUSINESS WEEK**  
**APRIL 7, 1945**

Liberators and Fortresses can blanket the southern "home islands" from Okinawa with round-trip fighter cover. Formosa will taste shuttle bombing from Okinawa and Luzon.

Our fleet—with both carrier- and land-based planes—can rove the China Sea and even the Yellow Sea almost at will. This promises landings at major Chinese ports and in Japan proper whenever strategy dictates.

Things can continue ahead of schedule—which would speed reconversion.

Decision of the Army to "accept more deliveries" from U. S. war plants in the quarter after V-E Day has important implications.

Contracts would be allowed, for the time being, to run off instead of being canceled. End products could be built from inventory.

Moreover, as prime contractors drew on inventory, subcontractors could turn to manufacture of components for peacetime goods, and raw materials suppliers similarly would find war demands on them diminishing.

Thus the amount of plant and materials for civilian output would slightly exceed the percentage of reduction in the Army's takings.

**Crux of the reconversion problem, on the materials side, will be steel, and the present program should relieve this pinch fairly rapidly.**

Direct war use takes 26,000,000 tons of finished steel products annually at present. Items that can't be traced but which doubtless go to war boost this to 30,000,000 tons against output of 64,000,000.

Cut military takings by 40% in nine to twelve months and there is little doubt that steel output would be in temporary oversupply.

**Second major bottleneck in reconversion will be manpower, and here there will be no great slack for some little time after V-E Day.**

The Army is unlikely to make even a feeble start on demobilization until it is sure of its margin of safety in the Far East.

The 20% cut in arms in the first quarter after V-E Day would, theoretically, release 2,000,000 war workers. However, plants will keep key men, limited reconversion will take up about 400,000 immediately, reduction in hours will keep thousands more busy, and labor-short civilian and war industries will absorb still others. Maximum disemployment: about 1,000,000 to be added to present unemployment of under 1,000,000.

During the next six to nine months, the Army will start discharging some 2,000,000 men plus probably a reduction in the Air Forces. Also, an additional shrinkage of 2,000,000 will take place in war plants.

Then reconversion will get going in earnest.

Business Week's index of business activity will decline far less than the percentage of the cutbacks due to progressive reconversion.

**Always assuming war output isn't cut more than 40% in a year, this index shouldn't sink below 200 (from the present 234).**

National income, now at the rate of \$160,000,000,000 annually, also will decline slowly. The unemployed will draw compensation, veterans will get G. I. benefits, people will spend from their savings.

**Hardly more than a drop of \$10,000,000,000 in a year is likely.**

# FIGURES OF THE WEEK

THE INDEX (see chart below). . . . .

\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*234.3	†233.8	231.8	230.8	238.7

## PRODUCTION

Steel Ingot Operations (% of capacity).....	96.9	96.6	95.9	95.6	99.5
Production of Automobiles and Trucks.....	20,335	20,480	18,545	20,935	18,085
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$5,639	\$5,980	\$6,134	\$4,962	\$5,237
Electric Power Output (million kilowatt-hours).....	4,329	4,402	4,472	4,366	4,409
Crude Oil (daily average, 1,000 bbls.).....	4,781	4,782	4,765	4,762	4,383
Bituminous Coal (daily average, 1,000 tons).....	1,970	†1,988	1,988	1,994	1,992

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	86	86	81	86	80
All Other Carloadings (daily average, 1,000 cars).....	50	50	48	63	50
Money in Circulation (Wednesday series, millions).....	\$25,834	\$25,836	\$25,750	\$23,658	\$21,037
Department Store Sales (change from same week of preceding year).....	+24%	+24%	+21%	+9%	+17%
Business Failures (Dun & Bradstreet, number).....	28	14	18	15	21

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	255.3	255.2	255.3	251.8	250.1
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	166.4	166.4	166.4	165.8	163.1
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	226.3	226.7	226.2	224.4	221.9
:Finished Steel Composite (Steel, ton).....	\$57.55	\$57.55	\$57.55	\$56.73	\$56.73
:Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$16.08	\$19.17
:Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
:Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.67	\$1.67	\$1.66	\$1.60	\$1.64
:Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.74¢
Cotton (middling, ten designated markets, lb.).....	21.78¢	21.73¢	21.79¢	21.80¢	21.07¢
:Wool Tops (New York, lb.).....	\$1.340	\$1.340	\$1.340	\$1.333	\$1.319
:Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

## FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	108.9	†107.9	113.6	101.5	95.3
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.39%	3.38%	3.38%	3.56%	3.70%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.60%	2.60%	2.62%	2.72%	2.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1%	1-1%

## BANKING (Millions of dollars)

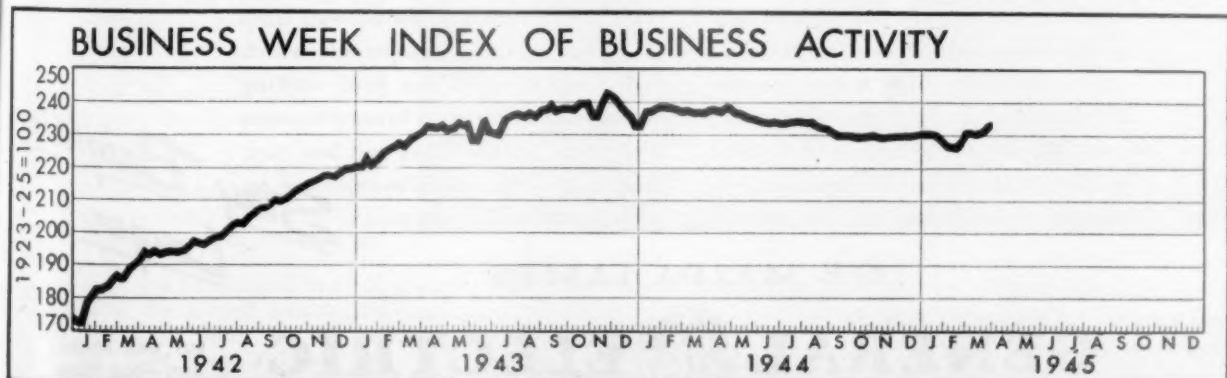
Demand Deposits Adjusted, reporting member banks.....	37,347	37,585	37,018	35,435	32,660
Total Loans and Investments, reporting member banks.....	57,797	58,071	58,501	54,673	52,012
Commercial and Agricultural Loans, reporting member banks.....	6,088	6,155	6,251	6,076	6,305
Securities Loans, reporting member banks.....	2,698	2,754	2,982	2,480	2,362
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	43,565	43,774	43,912	40,724	38,087
Other Securities Held, reporting member banks.....	3,052	3,013	2,955	2,969	2,907
Excess Reserves, all member banks (Wednesday series).....	900	1,100	900	865	630
Total Federal Reserve Credit Outstanding (Wednesday series).....	20,074	20,173	20,158	16,943	12,749

\* Preliminary, week ended March 31.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.



"No wonder I'm a  
Best Seller!"



**N**O wonder, indeed! For General Electric Lamp Research has helped reduce the cost of a G-E 60-watt bulb to 10c—one-fourth its cost in 1923! And has increased the light it gives you by 56%! That's six times more value for you! What's more, during this same period, electric service companies have sharply reduced the cost of electric

current to give you still more for your money. But this is only part of the story. This improvement in the 60-watt lamp is typical of the developments which G-E lamp research has been making for over sixty years, to bring you more and more light for less and less cost. And always it is guided by this aim: To make G-E lamps...

*Stay Brighter  
Longer*

**G-E MAZDA LAMPS**

**GENERAL  ELECTRIC**

**BUY WAR BONDS  
AND HOLD THEM**

Hear the G-E radio programs: "The G-E All-Girl Orchestra," Sunday 10:30 p. m. EWT, NBC; "The World Today" news, Monday through Friday 8:45 p. m. EWT, CBS; "The G-E Houseparty," Monday through Friday 4:00 p. m. EWT, CBS.



## Byrnes Maps Reconversion

War mobilization chief's report, filed as he retires, refutes argument that V-E Day cutbacks will be too small to permit production for civilians. WPB blueprints twelve-point program.

War Mobilization Director James F. Byrnes formally took the handcuffs off reconversion planning this week and then proved his earnestness by reconverting himself. As soon as he had filed his quarterly report with Congress, he resigned. His explanation was that he had undertaken to run the Office of War Mobilization & Reconversion only until the end of the war in Europe and that as far as his job was concerned, V-E Day had arrived.

**Report and Blueprint**—The task of steering the nation's economy through the first stages of reconversion to civilian production now falls on Byrnes' successor, Fred M. Vinson, who was just getting settled in the Federal Loan Agency (BW—Mar.17'45,p17).

For a starting point, Vinson has the Byrnes report, a solid 47-page document devoted almost entirely to the question of what to do after the European war ends, and some preliminary working blueprints from WPB, which quickly undertook the translation of Byrnes' generalizations into more specific plans.

Byrnes scotched, once and for all, the military's argument that cutbacks after V-E Day will be too small to permit any reconversion.

**Prediction on Cutbacks**—As a rough estimate, Byrnes predicts that Army requirements will drop 15% to 20% in the first quarter after Germany goes under; by the end of a year the cuts will add up to about 40%. The first-quarter cuts will not reflect the full measure of relief because in the first few months after Germany quits, the difficulties of reconditioning and re-shipping will immobilize most of the stocks now in the European theater (BW—Mar.31'45,p5).

Allowing for lead time and inventory reduction, Byrnes concludes that the first quarter after V-E Day, cutbacks will free some 20% of the materials and facilities now devoted to munitions production. This will be followed by a 5% increment in the second quarter and another 5% in the third.

**It's Size That Counts**—Production officials regard Byrnes' arithmetic suspiciously—particularly his flying leap

from end-item cutbacks to resources that will be freed—but they agree that the precise figures don't matter. What counts is that there will be a cutback big enough to make room for a substantial measure of reconversion. And it's a better than even bet that, once the Army starts cutting, it will go a lot farther than it now wants to admit.

As WPB sees it, total munitions production will drop from the present rate of \$15,800,000,000 a quarter to something like \$13,900,000,000 the first quarter after V-E Day. This figures out to 12%. In the second quarter the rate will be down to \$12,700,000,000, and by the fourth quarter after the collapse of Germany, it will be 35% below the present level.

**How Much Steel?**—In terms of the basic commodity, carbon steel (page 9), direct military allotments will go down

from 6,500,000 product tons at present to 5,000,000 tons in the first quarter after V-E Day and about 4,100,000 tons a quarter thereafter. Almost all of the first 1,500,000 tons that are released will go to make up deficits in allotments to essential civilian users—transportation, public utilities, basic hard-goods programs—that have been squeezed down by military demands.

WPB thinks that there will be considerable elbow room for additional civilian production, however, because indirect military consumption of steel will fall off and because manufacturers will scale down their inventories in line with the reduced requirements.

**WPB's Twelve Points**—Elaborating the Byrnes program, WPB Chairman J. A. Krug has set up a twelve-point program:

(1) Handle cutbacks so as to distribute the production load equitably throughout the nation both among industries and among regions.

(2) Give controlled material allotments and high priority ratings to the most essential minimum civilian goods programs for some 30 items on practically the same footing as munitions.

(3) Prepare for rapid reconversion by



James F. Byrnes (right), who feels that his war job is over, bids hail and farewell to Fred M. Vinson, his successor as Director of War Mobilization & Reconversion. Byrnes and Vinson, both tough administrators of wartime controls, differ widely on how to insure a prosperous peacetime economy. Byrnes, a conservative, would hold government intervention to a minimum. Vinson feels that it will require all sorts of sparkplugging by the government.

giving manufacturers assistance—through priorities and other methods—in obtaining tools, equipment, and long-lead-time materials and components needed to begin large-scale production.

(4) Suspend most of the rating floors which forbid a supplier to accept orders or deliver materials without ratings.

(5) Put the Controlled Materials Plan—which regulates the flow of copper, steel, and aluminum—on an open-end basis by permitting mills to accept orders not covered by CMP allotments. Orders placed under an allotment would have to be filled first, but after that the mills could take anything they liked.

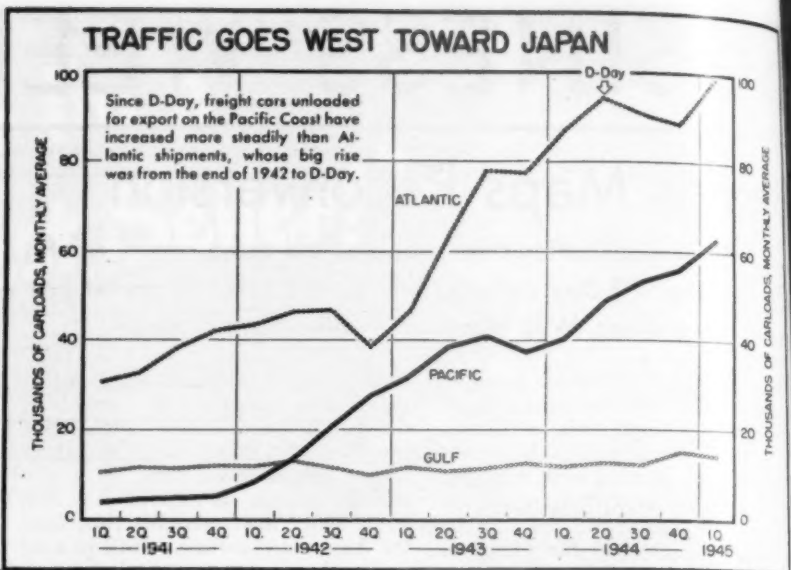
(6) Suspend the limitation and conservation orders regulating production of hard goods as fast as materials and manpower become available.

(7) Suspend almost all specifications limitations.

(8) Relax construction order L-41 to permit some of the most urgent civilian construction.

(9) Where production is authorized on a restricted basis, assure small business and new producers an opportunity to participate. The principal measure here will be inventory control, which will prevent large manufacturers from taking more than their share of available materials.

(10) Introduce a simplified priorities



system to replace CMP as soon as military orders are cut enough to make elaborate controls unnecessary.

(11) "Streamline" the spot authorization system (Priorities Regulation 25) through which manufacturers can get special permission from their area Production Urgency Committees to make civilian goods.

Streamlining will include removing the ban on spot in Group I and Group II labor shortage areas and passing the word to area Production Urgency Committees to be frehanded with authorizations whenever a manufacturer has no war work in sight. It also will include simplifications of procedure that will take some of the delays and paper work out of spot.

(12) Continue controls on materials in tight supply. This will be the joker, from the standpoint of many manufacturers. Among the materials that probably will remain tight until the end of both wars are textiles of all sorts, leather, tin, paper, containers, many chemicals, crude rubber, cordage fibers, and—perhaps most important—lumber.

• **Variation of Spot Program**—The missing element in the program, as Krug laid it out, is a statement of the timing on each of the twelve steps. In the early stages, WPB hopes to use some variation of spot authorization—plus a liberalization of CMP—to take care of partial reconversion. When military cutbacks are big enough, it will open-end CMP.

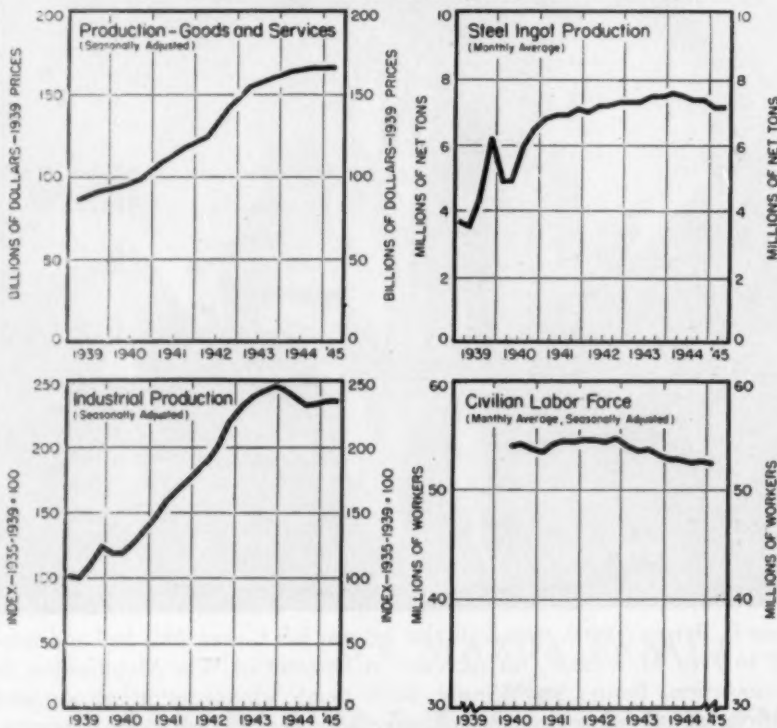
Eventually WPB will wind up with a simple priority system. All military production and the most critical civilian work will carry a single priority. There may be a junior priority band, if necessary, for other essential civilian production.

WPB's emergency AAA rating and its scheduling powers would be retained for bottleneck breaking.

• **Similar to First Plan**—In this final stage, the new reconversion plan will be almost identical with WPB's first V-E Day play, hastily shoved out of sight after the ban on reconversion talk last fall. The main difference between the

## NOT MUCH ELASTICITY LEFT

Four key indicators have either reached a plateau or turned down



THOUSANDS OF CARLOADS MONTHLY AVERAGE

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who is the comparatively long period of decompression that the new plan provides. Other government agencies, notably OPA which counts on WPB controls to bolster its price stabilization line, like the new timetable much better (page 19).

Manufacturers of the heavy consumer durables—for instance, automobiles—are waiting to see how the components and tool situation will shape up before they make any promises. But this is of prime concern to WPB, and as a consequence many officials think passenger car production could be under way before the end of 1945.

**Lumber Is Problem**—Construction presents a special problem because of the lumber shortage, but to get industry ready for action, supplies of hardware, heating equipment, and the like will be built up. Special clearances will be given to industrial reconversion projects and badly needed community facilities. The National Housing Agency's languishing H-2 program of construction in congested areas probably will get a new lease on life.

Transportation also will be a headache, partly because of the difficulties of funneling traffic through West Coast ports (chart, page 16), partly because the railroads and truck lines have been starved for maintenance materials in recent years.

Food will be another sore spot in the economy (BW-Mar.31'45,p17).

## Assist for Lewis

Secretary Perkins' entry into coal negotiations proves a help to U.M.W.'s effort to outflank wage stabilization line.

It was evident this week that Secretary of Labor Frances Perkins' intervention in the coal negotiations (page 86) had given John L. Lewis a substantial advantage in his effort to grab a post-V-E Day cushion for his miners which will set a precedent for the entire union movement.

**Secretary Proposes**—Miss Perkins, in an eleventh-hour effort to get coal operators and miners together on a new contract without certifying the dispute to the National War Labor Board, proposed that the United Mine Workers' demand for what boils down to a \$1.50-a-day pay increase be granted by the operators, with Lewis agreeing to forget about his request for a 10¢-a-ton royalty.

Operators promptly balked, forcing certification to NWLB and eventual settlement of the dispute by that agency. But Lewis now has a goal to shoot at which has the blessing of at least one government department.

The proposed \$1.50-a-day pay boost is shrewdly angled to flank the wage stabilization line. It would accrue by

paying time and a half for overtime after seven hours a day, instead of after 40 hours a week, as at present. Lewis is after the biggest industry-wide wage increase since the Little Steel formula was promulgated and he's using what is known as a "fringe issue" (BW-Mar. 17'45,p21) to get it.

**What Now Prevails**—Under the expired agreement which NWLB extended pending settlement (Lewis imposed a 30-day limit on the extension), miners are paid \$8.50 a day for a total of nine hours underground, including an assumed 45 minutes travel time and fifteen minutes of lunch. The eight hours spent actually mining coal is paid for at a basic rate of \$1 an hour, with the 45 minutes travel time paid for at two-thirds the regular rate—netting an added 50¢. The lunchtime is not paid for.

Lewis called for payment of \$1 an hour for the first seven hours, with time and a half for the remaining two hours, including lunchtime, for a total of \$10 a day.

Prior to the existing contract, the miners had a seven-hour day, but no compensation was provided for the travel time. Their normal 35-hour week brought them a basic wage of \$35.

Under the Lewis proposal, peacetime hours would be set at seven a day, five days a week, for which a total of \$35 would be paid. However, travel time, assumed at 45 minutes, but actually closer to one hour, would be included—reducing the time spent actually mining coal to six hours a day or less, but with no reduction in pay.

**Shield Against Mechanization**—The United Mine Workers believe that their proposal must be adopted to prevent widespread coal unemployment when mine mechanization is intensified during the postwar period.

Another advantage of the plan, from the point of view of the U.M.W., is its provision of a basis for a demand for a substantial increase in base rates when overtime work is abandoned.

With coal now on an over-all nine-hour day, six days a week, the Lewis demand would mean that 19 hours would be paid for at time-and-a-half rates, with the penalty overtime amounting to \$9.50 a week, or almost \$2 a day when spread over the standard five-day week. Obviously Lewis will want to retain this premium after the war.

With a traditional seven-hour day in the coal industry to point to in justification of his demand, and with Miss Perkins' approval to throw in NWLB's face, Lewis figures he's sitting very pretty indeed. NWLB, however, finds its own seat very hot. Lewis, the board's old nemesis, has succeeded again in putting NWLB on the spot.



### FOR A BEGINNING AND AN END

At Manila's shell-ripped principal pier, the first two U.S. freight ships to enter the harbor since the Japanese occupation unload cargoes of war items and civilian necessities. To the islanders, the vessels are tokens of a new beginning; to the high command, the beginning of an end—the opening of a reliable supply line for materials to be employed in rebuilding Manila as a major base of operations for the coming final assault to polish off the war in the Pacific.





## MERRY WIVES AT WINDSOR

In Windsor, where meat is plentiful and ration-free, Detroit householders jam butcher shops (left); at the border (right), they declare their Canadian purchases to U.S. customs men—and hand over required ration points. Shortages this side of the line have resulted in recent weeks in a record number of cross-border trips by



Detroiters shopping for meat and poultry they can't buy at home—points or no points. In one week, officials took in 105,000 red points upon the insistence of OPA, which fears that over-the-border shoppers might upset equitable distribution in the U. S. with "imported" food stuffs. Windsor, meanwhile, complains that its own meat supply is dwindling, is grateful for point collections that keep Detroit housewives from stripping the region's larder.

## OPA Face-Saving

**Court indorsement of two meat pricing regulations upholds agency and yet gives packers some hope for adjustments.**

The U. S. Emergency Court of Appeals stepped into the troubled meat situation this week, handing down—in the nick of time—a batch of decisions which may serve to mollify the irate meat packing industry, at the same time saving considerable face for OPA.

In hot sessions before a Senate Agriculture subcommittee investigating food shortages, the packers have charged that OPA pricing policies are largely responsible for the scarcity of red meats (BW—Mar.31'45,p17).

• **Two Standards Indorsed**—On the appeal of Armour & Co. from existing ceilings on fresh beef, the court upheld the pricing standards which have been OPA's bulwark against the industry's demand for higher prices.

Specifically, the court indorsed: (1) OPA's "industry earnings standard," which holds prices to be "generally fair and equitable" if an industry, as a whole, is earning prewar profits or better; (2) OPA's "product standard," which limits adjustments on individual items produced at a loss to an amount

sufficient to cover the out-of-pocket costs of the bulk of the producers in an industry.

The court's indorsement of the product standard comes at a time when this has been under heavy fire from labor (BW—Mar.3'45,p8).

• **Price Hike Denied**—The court threw out Armour's contention that the product standard should be applied to carcass beef operations alone, holding that it must be applied to cattle operations as a whole—including the by-products which have traditionally been the biggest source of profit for the large processing slaughterers. On this basis, the court ruled that Armour was not entitled to a price increase.

What goes for Armour presumably goes also for other processing slaughterers. There's a joker in the decision for OPA, however.

• **Relief Foreseen**—Up to now, the product standard has had theoretical rather than practical significance to the meat packing industry because OPA has not sought to apply it there on account of the difficulties of cost allocation. The court now makes use of the product standard mandatory.

This means that as soon as packers run badly into the red—fail to meet out-of-pocket costs—on either beef or pork operations OPA must fix them up regardless of the state of their over-all profits. They may not be able to take advantage of this now, but with the

meat situation the way it is, it may come in handy sometime.

• **May Be Forced to Act**—The burden of the packers' complaints in recent months has been that they could make out all right as long as profits in pork covered losses in beef. With reduced hog slaughter they claim that current operations (not covered by the court's decision) are in the red.

If this proves true, OPA will be forced to act. Price officials already are talking of finding a little extra subsidy money to ease pork ceilings if cost studies show packers losing money.

• **Aid for Little Man**—In a companion piece to the Armour decision, the court held that nonprocessing packers who have no byproducts to carry the cost load are entitled to more money.

Economic Stabilization Director William H. Davis quickly took one step to ease their plight by extending the full 80¢ subsidy which nonprocessing slaughterers have been receiving as compensation for their price squeeze and which had been scheduled to drop to 30¢ a cwt. on Apr. 1.

With price ceilings on live cattle in effect since January, the nonprocessing slaughterers are expected to make out with the 80¢ subsidy. The slaughterers joined OPA in requesting the court to vacate its decision, giving OPA time to present evidence that they can break even in the present market on the 80¢ subsidy.



# Will Wage-Price Line Hold?

On basis of stabilization program's effectiveness to date, Administration plans to continue controls after V-E Day, as urged by Byrnes. Reconversion goods will magnify problem.

Just two years ago (on Apr. 8, 1943) President Roosevelt issued his order to hold the line. The order was a mandate to the agencies concerned—the Office of Economic Stabilization, the OPA, and the National War Labor Board—to stop inflation in its tracks, by whatever means available (BW—Apr. 7, 1943, p. 17).

The questions, two years later, are: (1) Has the line held so far? (2) If it has held up to now, can it continue to hold in the critical reconversion period which James F. Byrnes ushered in as he retired as War Mobilization Director (page 15)?

• **Which Line?**—Actually, the line which the President ordered held was not the line of Apr. 8, 1943, but the line of Sept. 15, 1942—the line established by Congress when it passed the stabilization law. The order came when the cost of living, wage rates, and farm prices had continued to climb for six months in spite of the law. Stabilization along the line Congress drew would have entailed not a holding but a roll-back of its components. Almost everybody has now forgotten where the line really was.

By and large the stabilization effort in the past two years has been successful (see cover). The cost of living and farm prices are balanced at a level only slightly above the Apr. 8 line—3.3% for the cost of living, 3.8% for farm prices. Factory wage rates, on the basis of average straight-time hourly earnings, adjusted for interindustry shifts, have risen 10.8%.

But over a longer stretch—essentially the whole war period—wage rates, too, can be considered to have stayed in balance. When the Little Steel formula for wages was established in July, 1942, the cost of living had already risen 15% since January, 1941. The object of the Little Steel formula was to allow wages, like prices, to rise just 15%—and no more. Naked base wage rates, to which NWLB's 15% formula is applied, actually have risen only 19.7% since January, 1941. (This reflects, in part, the fact that many employee groups were receiving more than 15% at the time the freeze was applied.)

• **Counting the Extras**—If these base rates are adjusted for all the extras—bracket adjustments, fringe adjustments, substandard adjustments—wage rates have risen more than 30% since Jan. 1, 1941.

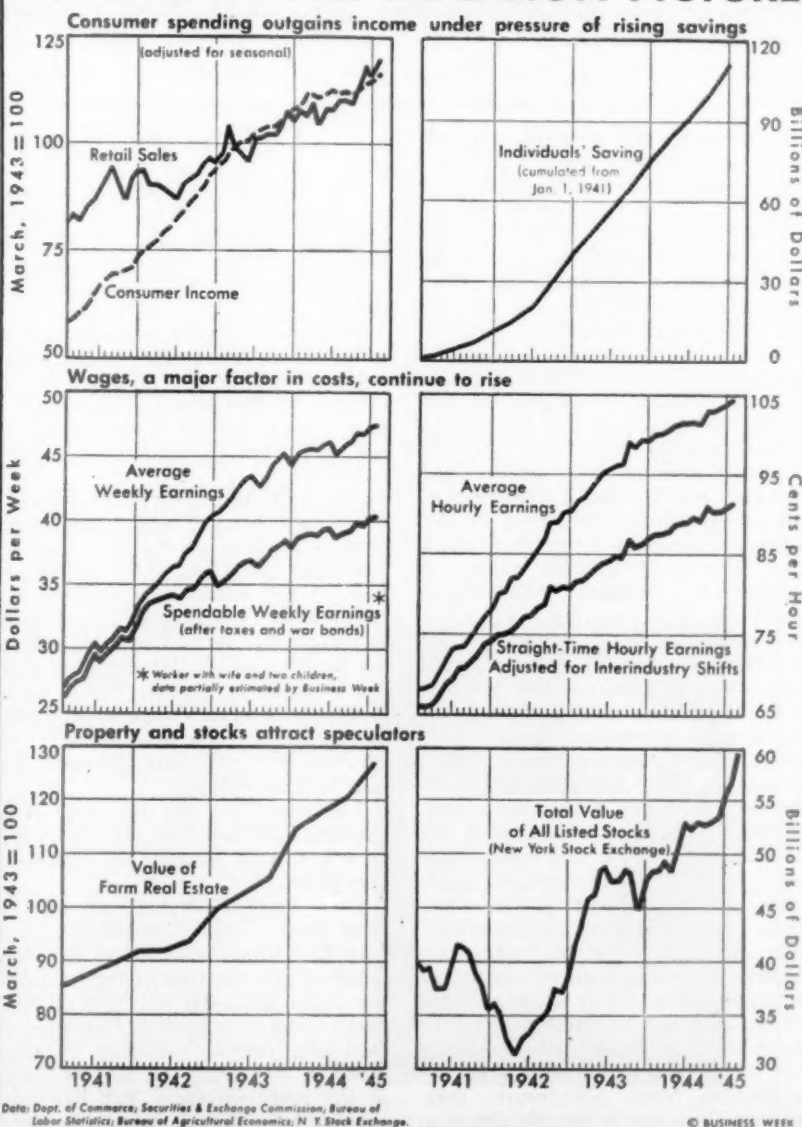
The NWLB figures 37%; the Bureau of Labor Statistics, using a refined figure, gets over 30%. But the cost of living has jumped 25.8% in the same period, and in the opinion of the President's special cost-of-living committee, the BLS index should be boosted another 4% or 5% to allow for quality deterioration and other changes it does not now fully reflect (BW—Nov. 25 '44, p. 5).

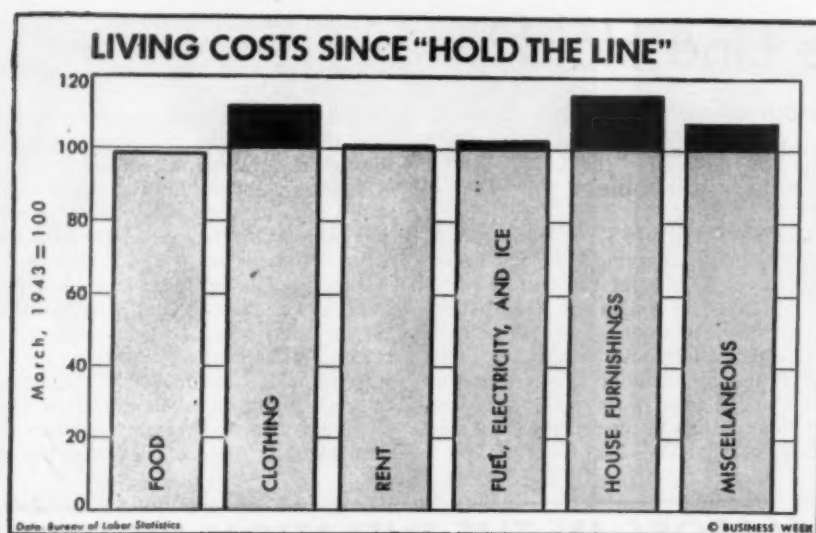
Hence, since the Little Steel formula was set, the effort to hold prices, like the effort to hold wages, has failed by about 10%.

In the past two years, since the President drew the line, no general breakthrough has been permitted—in the cost of living, wage rates, farm prices—which would force an open retreat to a higher line. Over half the rise in the cost of living and farm prices and a good part of the rise in wage rates since March, 1943, came within a couple of months after the line was drawn and before it became fully effective.

• **Need Will Continue**—The Administration's intention to hold fast to the same line after Germany goes under is implicit in Byrnes' forthright statement,

## FACTORS IN THE INFLATION PICTURE





The two key factors in holding down living costs are food, which has a weight of 40% in the total, and rent, 17% of all costs. House furnishings, up the most, account for only 3%, "miscellaneous" costs 20%, clothing 13%, fuel 6%.

"Price, wage, and rationing controls must be continued after V-E Day." Any thought of a sudden relaxation of controls has been scotched by Byrnes' estimate that military cutbacks in the first quarter following the end of the war in Europe will not exceed 20%, leaving government spending for war still at an annual rate of over \$70,000,000,000. This means, for the immediate present, a continuation of shortages of manpower and civilian goods, a continuing need for inflation controls to tailor demand to supply.

The Administration has held the line thus far through a combination of smart political strategy, magnificent stalls, and sundry administrative devices which have channeled inflation where it couldn't be dammed. Maneuvering which has kept consumer food subsidies going for two years in the face of bitter congressional opposition—until they have now ceased to be an issue—is an example of smart politics. The steelworkers' demand for a straight wage boost, which the Administration juggled for months (BW-Dec.2'44,p16), probably involved the most magnificent stall.

• **Fringe Adjustments**—Refusing to lift the Little Steel lid on basic hourly wage rates, NWLB has attempted to satisfy labor's demand for fatter pay envelopes with a series of fringe adjustments—shift differentials, job reclassifications, vacation pay. The number and size of these concessions finally reached a point where, in almost his last act as stabilization director, Judge Fred M. Vinson was obliged to fence in the area of permissible fringe adjustments, compressing them into a formula almost as

rigid as Little Steel (BW-Mar.17'45, p21).

John L. Lewis and his coal miners, who provided the first real test of Little Steel, will probably also provide the major test of the Administration's determination to be tough on fringe increases (page 17).

Presumably there's enough stretch left in fringe adjustments to tide wage stabilization over the next five or six months. By that time military cutbacks should have reached a level where it will no longer be necessary to strait-jacket wages.

• **How Raise Wages?**—President Roosevelt is committed to raising basic wage rates, somewhere on the road back to peacetime operations. The question is how. Until inflationary pressure on prices eases, labor must resign itself to present hourly rates with take-home pay dropping as war orders are cut back and hours of work drop. Byrnes holds forth hope of an early wage increase only for workers in those few industries in which hourly rates have increased less than the cost of living.

The price line, like the wage line, has been bent, but it is probably strong enough to hold through the post-V-E-Day period.

Price stabilization has not been a solid freeze. Price increases in some fields have been covered up by decreases in others. At the time of the hold-the-line order, OPA did not have all food under direct price control. Extension of food-price control has been a major factor in stabilizing the cost of living in the past two years, but bountiful harvests have helped, too. Now OPA

is faced with continuing food shortages (BW-Mar.31'45,p17).

• **New Mechanisms**—New and tighter pricing mechanisms, such as the textile and clothing controls (BW-Feb.24'45,p17), have contributed importantly to OPA's ability to hold the line.

OPA already has gone just about as far as Congress will let it go in extending price control to commodities and services not already covered. There is still room for tighter controls on the things which are now under ceilings. But the development of new controls is always a long drawn out and laborious process.

Higher wages (chart, page 19) and other costs are now pressing hard against price ceilings. By forcing cost absorption by manufacturers and distributors, OPA hopes to hold the cost of living in spite of this.

More alarming to OPA than present cost-price relationships is the volume of individual savings. Willingness to spend these savings is already causing a new spurt in retail sales (which are now rising faster than income payments) and an inflationary upsurge in prices of real estate and stocks (charts, page 19). Pessimistic officials have no hope that people will be more willing to save after V-E Day, think that they probably will be less so.

Time was when stabilization officials expected supplies of food and textiles to ease quickly following the end of the German war, leaving durable goods the only major problem for price control. Now it appears that the food and textile shortages will persist long afterward.

• **An Additional Problem**—To the problem of continuing to control prices in these fields will be added that of pricing reconversion goods which will come on the market at first in a volume woefully insufficient to meet demand. Byrnes wryly commented, "We can keep the price of refrigerators, vacuum cleaners, or flatirons from running away when none are being made and when few are on the market. People cannot very well bid for goods that are not for sale. But once the manufacture of such products is permitted, there will be an outlet for pent-up demands."

A few months ago, stabilization officials were as much worried about possible post-V-E-Day deflation as inflation. The size and timing of the cutbacks now planned indicate that employment and consumer income will continue high, that there will be no danger of a drop in spending.

But for the first few months of the transition period, price-wage stabilization will simply be more of the same. And during this period, at least, the line can be expected to hold.

## Jet Planes O.K.'d

U. S. pushes production to fast fighters into action. The publicized program adds to significant proportions.

Last fall's considered prediction that jet plane "apparently is destined for next war, not this one" (BW—Nov. 17) may be due for an early spring revision.

Although no American jet plane has been reported in combat over the European theater, and very probably won't unless Germany holds out for another

two or three months (the minimum time it will take to assemble and train combat teams for the Army's recently announced jet-driven Lockheed P-80), there have been sufficient numbers of German jet-propelled Messerschmitts in the air to force the Allied high command to reconsider the role of the jet plane—particularly for the Pacific war.

• **British Jets in Action**—England's Gloster Meteors with their twin jets are now revealed to have been in successful action against V-1 robot flying bombs since last summer and may be expected almost any day to go into combat over the Western Front where flights have been hinted at in war correspondence but not described in detail.

No plans for the Army's use of the new fighter in the Japanese theater have been revealed, but the Navy has already partially tipped its hand by permitting the publication of three separate announcements that add up to a program of significant proportions:

(1) Westinghouse has "developed the first wholly American design of jet-propulsion aircraft engine to be tested in flight" which is expected to "produce more propulsive thrust for its weight than any other aircraft engine built to date. It will power combat aircraft of the U. S. Navy."

(2) An increase of \$45,000,000 in contracts calling for additional fighting planes and almost doubling the number previously on order has been placed by

## For Reparations—Man Of Fractions, Man Of Actions

Economic vivisection of Hitler's corporate state will be a thing for which 1945 will be remembered. The carving (for which reparations is another word) will begin late this month in Moscow. There the Allies will determine how much business life will be breathed into a reconstituted Reich and how much of what was Germany will go into the fiber of a rebuilt non-German Europe.

Among the difficult questions to be decided will be how many Germans must work in Russia, how many in France, under what conditions, and how long.

• **Opposed Backgrounds**—Chief representatives of the United States in the sessions of the Allied Reparations Commission will be two men of opposed backgrounds. Head of the delegation will be a scholar-

statistician, his top colleague a builder of dams, shipyards, and almost everything else that can be built in a big way.

The scholar, Dr. Isador Lubin ("Lube" to Mr. Roosevelt and other friends), has been in the inner circles of high officialdom so long that his appointment caused less surprise than his choice of a No. 1 teammate. The man Lubin insisted on taking with him is Clay P. Bedford, who has been running Henry Kaiser's Richmond (Calif.) shipyards.

Lubin (drawn into the White House coterie because the President could always understand his statistics) has been grappling with business problems ever since the last war, when he served as a statistician for the Food Administration and as one of the experts retained by the War Industries Board.

• **Like a Professor**—Now nearing his 49th birthday, Lubin looks like a kindly college professor, an effect heightened by increasing baldness and the glasses he wears. Born in Worcester, Mass., of German-Jewish parents, he got his doctorate from the Robert Brookings Graduate School in 1926, gradually gained prominence as a wage and labor expert.

The Lubin approach is that of the scientist. In conversation, he is soft-spoken, intense, moving always in a straight line dictated by marshaled facts.

Lubin knows Europe. For three years he represented the U. S. in the International Labor Organization at Geneva.

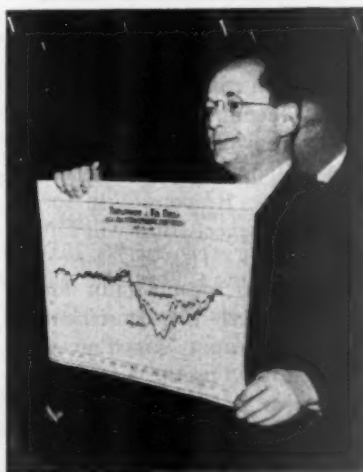
• **A Native of Texas**—Colleague Clay Bedford is a native of Texas, now 41,

schooled in California and then graduated from Rensselaer Polytechnic Institute as a civil engineer in 1926. He went to work for the Kaiser Paving Co. Since then he has been all over the western U. S. map on one Kaiser job after another. A highway project took him to Cuba for three years. Elsewhere he has worked on gravel plants, pipelines, and as general superintendent of the outfits that built the Bonneville main spillway and the Grand Coulee high dam.

Bedford looks like a college football player, has the broad shoulders popularly associated with "men of action." Upon these shoulders and Lubin's will fall the hefty job of shaping a reparations program that will repair the German-invaded nations without running afoul of this nation's avowed ideological aims.



Clay P. Bedford



Isador Lubin



the U.S. Navy with the Ryan Aeronautical Co., whose total orders for its new Navy fighting plane exceed \$103,000,000 and will require an accelerated production rate at least until midsummer of 1946.

(3) Design of Ryan's Navy fighter calls for jet propulsion.

• **Japanese Imagination?**—That Japan has some advance inkling of the Navy program is indicated by the persistence of Radio Tokyo in reporting the use of jet planes in the softening up of the Ryukyu Islands preparatory to this week's invasion of Okinawa. Although Ryan and Westinghouse are racing against time to put jet planes aboard carriers by midsummer, the fantastically fast craft are scarcely out of the prototype stage, and the Japanese commentator must have been surprised into unwarranted conclusions when he saw pro-



## TO BE BUSY

The period immediately after V-E Day will be a hot time for the Surplus Property Board, which has the job of supervising disposal of government-owned surpluses. Responsibility for making disposal wheels turn will fall on Col. Alfred E. Howse (above), who takes over as administrator for the board. Formerly a procurement officer for the Army Air Forces, Howse helped build up the AAF procurement system. He succeeds Mason Britton, who engineered the transfer of the surplus disposal business from the old Surplus War Property Administration to the new board.

PELLER-driven craft equipped with JATO (jet-assisted take-off which is in reality rocket-assisted take-off) swishing off a carrier at speeds too fast for a propeller.

If he had been informed on German experimentation with jet planes, as he probably was, he would have seen no incongruity in a combination of propeller and jet—the first to be used for cruising at low altitudes where air is dense, the second at stratospheric heights where air is so thin and frictionless as to allow “equal and opposite reactions” to attain maximum efficiency and minimum fuel consumption, and both prop and jet in unison to get a plane off the ground at the highest possible speed. A jet plane has been considered a notorious fuel eater in dense air with a theoretic inability to begin to strut speeds rivaling the 720 m.p.h. of sound until it gains several miles of altitude.

• **Research Is Pushed**—How far theoretical limitations will be projected into the immediate and postwar future can only be determined by further research, experiment, and experience; and jet propulsion is going to get a lion's dose of all three at the hands of government and private business.

The National Advisory Committee on Aeronautics, created some years ago by Congress, has already outlined its plans and is going ahead full blast at Langley Field in the East, Moffatt Field in the West, and at its Cleveland engine laboratory (BW—Mar.10'45,p70).

The big three of governmental research—the Naval Air Experimental Station at Philadelphia, the Army's Air Technical Service Command at Wright Field, and the NACA—are also all in motion. Progress reports will probably have to await the war's end, but it is already pretty evident that a properly designed jet plane need not be much more of a fuel eater than a high-speed conventional plane.

• **Components in Line**—Westinghouse let it be known last week that it is forming an “aviation gas turbine division for the manufacture of military and, later, commercial gas turbine aircraft engines, based on the jet engine already developed . . . for the Navy.” It believes it has an edge on competition by reason of its adoption of an axial flow air compressor wherewith all four of a jet engine's “major components—compressor, combustor, turbine, and jet nozzle—are lined up one behind the other in that order, so that power is not lost in changing the direction of flow of the column of air that roars through the turbine.”

This week General Electric, the jet pioneer in this country which adapted its designs partly from the English original and partly from its own turbo-

## Labor Law Washes Out

The prospect of effective national service legislation was washed out this week when the Senate, by a 46-to-29 vote, rejected the House-approved compromise joint-conference version of a labor draft law (BW—Mar.31'45,p94). The Administration had rested on getting a quick vote.

But the majority leader, Sen. Alben Barkley, was unable to deliver, and the week-end release of the Byrnes report (page 15), implying that the end was in sight, made it all the more impossible. Labor-minded senators, normally wheelhorses for the Administration, were determined to talk the bill to death.

Filling out the opposition ranks were Republicans, farm bloc senators, and others responsive to the thinking of the chambers of commerce and the National Assn. of Manufacturers.

With the psychological moment passed, the White House is resigned to entering the reconversion period with nothing more than the voluntary controls over the labor market now used by the War Manpower Commission.

supercharger, is revealing that the closed cabin of the Army's G.E.-engine Lockheed P-80 is both warmed and pressurized for high altitudes by a taken from the first unit of its compressor-combustor-turbine-jet team. G.E. likes a centrifugal compressor for reasons of its own despite the fact that it introduces a twist into the air column. The G.E. jet will also be manufactured for the Army Air Forces by the Allison Division of General Motors.

• **Other Companies Busy**—Week before last Packard announced that it is preparing to include research in gas turbines and jet propulsion engines in its advanced aircraft engine development program. And this week Pratt & Whitney is making a similar announcement. P.&W. has under negotiation with the Navy experimental contracts for new powerplant developments in the gas turbine and jet propulsion fields. In addition this division is tooling up to manufacture a quantity of Westinghouse jet propulsion engines for the Navy.

Wright Aeronautical announced six months ago that it would produce aviation turbines as well as conventional type engines after the war, suggesting that its gas turbine would be of high power, possibly as much as 10,000 hp.





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to drive one or more propellers, as contrasted with the turbine units of locally similar principles used in propellerless jet propulsion planes (BW—Oct. 44, p66).

• **Oil Research, Too—**Meanwhile, both the major electrical manufacturers and all the major producers of conventional aircraft engines getting into propulsion, at least two of the big petroleum refiners are undertaking comprehensive research on fuels for jet engines and gas turbines. Shell has allowed a few pictures of its laboratory to be shown (BW—Mar. 31 '45, p32).

Standard Oil Development isn't talking much publicly, but it has been operating a similar laboratory at top speed since last October. It has already confirmed what pilots of jet planes have suspected for some time—that a particular fraction of petroleum, such as kerosene, makes a considerably more efficient and less expensive fuel than high-octane gasoline.

Although jet planes for private use are still far around the corner, oil executives are said to be looking at their big investment in aviation gasoline refineries with jaundiced eyes.

## It's Circus Time

But world's biggest show opens under cloud of Hartford tragedy, with top operating men facing jail.

Arrival of spring was officially defied this week when the Ringling Bros. and Barnum & Bailey Circus opened at Madison Square Garden, New York. Gargantuan, the aerialists, the clowns and the smells were there in satisfying volume, but neither management nor fans could shake off the cloud of last season's tragedy.

• **Key Men Under Sentence—**The show's top operating men were under manslaughter sentences as a result of the July 6, 1944, fire at Hartford, Conn., which killed 168 persons, injured many more, and posed a serious threat to a unique American institution. Before the show opened, the Hartford court heard arguments for suspension of the sentences and for a withdrawal of the pleas of nolo contendere (which accepts the sentence without admitting the guilt).

A list of the defendants shows justification for the circus attorney's assertion that the show might have to abandon its road tour if the key men are jailed. Here are the men and the terms to which they have been sentenced:

George W. Smith, general manager



## What about the retailer's side of your post-war package?

**your post-war package planning,** the progressive retailer's viewpoint will aid you. He's a day-to-day observer of the consumer in action. He knows from experience what packaging can do for sales. Here's what he considers important in packaging:

**TRANSPARENCY**—A survey of normal peacetime merchandising conditions showed that 89% of retailers considered transparent wrapping the *most satisfactory* packaging material. And eight out of ten grocers reported they have better display to the more attractively packaged products. That's why the retailer will welcome your choice of transparent Du Pont Cellophane on your products. It emphasizes eye appeal . . . it shows what's inside!

**PROTECTION**—When customers find freshness and flavor missing from a product, they soon let the dealer know, and the manufacturer feels the consequences. Nine out of ten grocers reported that they attached *great importance* to the way in which the man-

ufacturer packaged his product. They *know* it's essential to safeguard the freshness and quality of foods. That's why they're in favor of moistureproof Du Pont Cellophane. It protects freshness and flavor.

**LOW PACKAGING COST**—Cutting distribution expenses by means of packaging economies makes sense to the dealer . . . because he realizes this passes on more value to his customer. Dealers know that post-war products will have to be priced to appeal. This will call for a low-cost packaging material . . . and one that can be used

most efficiently on automatic wrapping machines.

Right now, military demands limit the civilian supply of Du Pont Cellophane. We hope the day will soon come when there will be enough to meet all needs, but investigate the possibilities of Du Pont Cellophane now, so you can profit by its advantages in the post-war tomorrow. Our converters and our own organization will be glad to work with you. E. I. du Pont de Nemours & Co. (Inc.), Cellophane Division, Wilmington 98, Delaware.

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By the all-important ticket wagon, James Haley, vice-president of Ringling Bros. and Barnum & Bailey, flanked by Ray Marlowe, ticket superintendent and Fred De Wolfe, treasurer, plots a triumph to offset last season's disaster.

two to seven years; James A. Haley (husband of Aubrey Ringling), vice-president, one to five years; Leonard Aylesworth, boss canvassman, two to seven years; David W. Blanchfield, superintendent of rolling stock, six months; Edward R. Veerdesteg, chief electrician, one year. William Kaley, chief seatman, is serving one year.

• **Claims Exceed \$3,000,000**—Claims against the circus as a result of the fire total more than \$3,000,000. The only insurance was \$500,000 written by Lloyds of London. Ringling representatives point out that the people of Connecticut now have the largest financial stake in the big show.

Following the New York run, the show moves to Boston, after which it is scheduled to open under canvas in Washington. There the most important word in the publicity and advertising will be "flameproofed." It refers to the treatment given tents and seats to insure against another disaster.

Since the circus has its own railroad cars, it had no trouble arranging with the Office of Defense Transportation for its tour. All signs point to a good season. Money is plentiful; people are spending lavishly on movies and theaters, should do the same for the "biggest show on earth."

• **Bad Luck Dogs Show**—Meantime fans are praying that the Ringling show has finished its run of bad luck. It began to hit the bumps several years ago under the leadership of John Ringling North (BW-Apr. 10 '43, p. 28). There was a strike of musicians which forced the circus to use canned music and

loudspeakers. In one town valuable animals were poisoned. In another animal were destroyed by fire. Old-timers resented the blue tent, the glamor girls and other innovations by which Norman Bel Geddes, the industrial designer, attempted to streamline the show.

The frills were hastily discarded when John Ringling North abandoned management of the show to Robert Ringling, now president. Associated with him in active control are Mrs. Charles Ringling (widow of one of the original brothers), James A. Haley, and his wife, Aubrey Ringling Haley.

• **Grand Opera Touches**—While the new group has returned to circus fundamentals, it does not mean that originality is lacking. Thus the opening spectacle of the 1945 show is Alice in Wonderland, a musical extravaganza. Score for this number was written by Deems Taylor, the versatile head of the American Society of Composers, Authors & Publishers (ASCAP). In his more serious moments, Taylor writes operas which are played (somewhat apologetically) at the Metropolitan.

This year there is a cordial spirit of hands-across-the-city between the Metropolitan Opera and the Ringling circus. It is not merely that Deems Taylor, the composer of opera, has lent his talent to the elephants and the zebras. Robert Ringling, the circus president, was once an opera baritone. He is an incurable opera fan, attends the Metropolitan performances when he is in New York, preferring the thundering compositions of Wagner.

Last year Ringling risked his ear-

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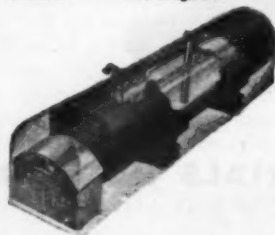
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drums at Goetterdaemmerung. Traubel, one of his favorites, had Brunhilde role. Ringling applauded performance, but, as a circus man, was barely able to suppress a hiss as she led out the horse that went with part. It was a dejected white gelding rented from an uptown stable.

• **The Met Gets a New Horse-Me** Ringling voiced his disgust to Kelley, the circus press agent, maybe he didn't. At any event, the circus got to town. Robert Ringling presented Miss Traubel with steed more befitting the No. 1 Valkyrie. It was a snorting stallion, named White Ghost, which has been trained to dance and cakewalk. There was considerable relief among the opera executives a week after White Ghost made his debut without breaking into a jive step with the brasses began to dig into the Wagnerian grooves.

The tire shortage continues to deprive Gargantua of his favorite toy. The big gorilla amused himself by tearing old casings apart until the rubber situation became critical. Now the only thing he has to rip is his blanket.

## New Glass Attack

Justice Dept. seeks to void Empire-Hartford patents on basis of fraud. Supreme Court clarifies its recent antitrust decision.

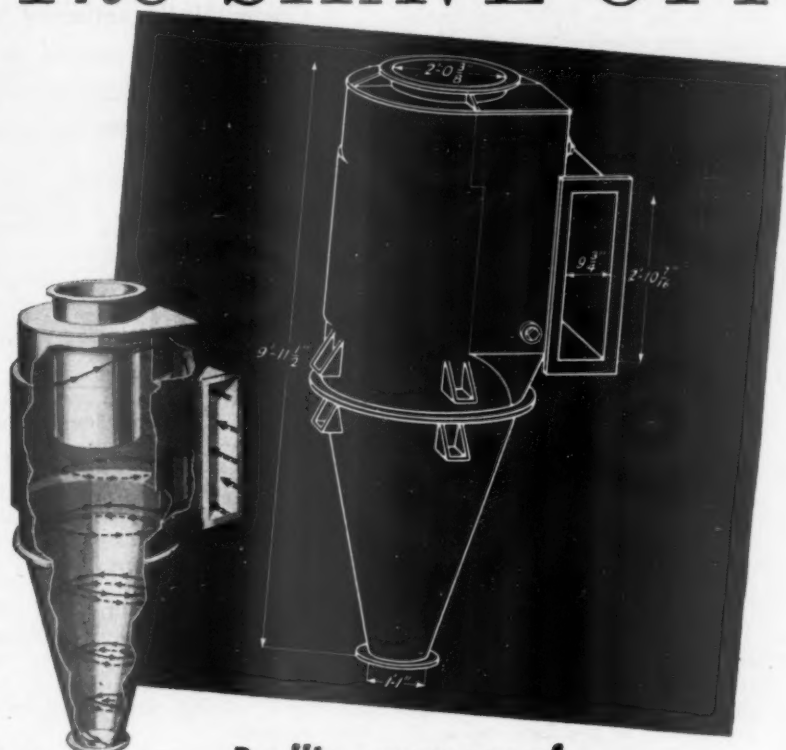
Determined to smash what it considers an illegal patent setup in the glass container industry, which the Supreme Court left virtually intact in its recent decision in the Hartford-Empire case, the Justice Dept. has filed suit in Wilmington for cancellation of four of Hartford's basic "feeder" patents. (Feeders deliver measured gobbs of molten glass from the melting tanks to the molds on glass blowing or "forming" machines.)

The Justice Dept. believes that it can knock these patents out of the pool of several hundred remaining patents "which will not be worth a nickel."

• **Starting All Over Again**—Practically speaking, the Justice Dept. is starting all over again in its attack on Hartford's patent position, the Supreme Court having refused this week to do much more than clarify a few points in its Jan. 8 decision, wherein it held that Hartford and seven other glass industry defendants had violated the antitrust laws but did not forfeit their basic patent rights by so doing (BW—Jan. 13 '45, p. 20). This week's action by the court is regarded as locking the door against reform of the patent system by judicial



# The SHAVE-OFF



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Successfully utilizing the "double-eddy" current—an aero-dynamic phenomenon present in all cyclone-type collectors (established by van Tongeren)—Buell, and Buell *only*, effectively puts this force to work by an exclusive mechanical feature known as the "Shave-off". By means of this design feature, the important "fines" are collected and by-passed to the lower part of the cyclone where the downward flow of the "double-eddy" current automatically carries them to the dust discharge outlet.

In ordinary cyclones, this dust circulates under the top plate, finally dropping by gravity through the upward, rotating gas stream of the "double-eddy" current. Thus, in its passage to the dust discharge outlet, the "fines" become re-entrained in the gas flow and are partially lost through the gas outlet.

This exclusive feature of the patented Buell (van Tongeren) cyclone is a prime factor in Buell's well-known high recovery efficiency.



Convincing facts about the "Shave-off" may be found in Buell's bulletin—"The van Tongeren System of Industrial Dust Recovery".

**BUELL ENGINEERING COMPANY, INC.**  
60 Wall Tower, New York 5, N. Y.  
Sales Representatives in Principal Cities

### BUELL FEATURES

SHAVE-OFF  
LARGE DIAMETERS  
EXTRA-STURDY CONSTRUCTION  
CORRECT HOPPER DESIGN  
SPLIT-DUCT MANIFOLDS  
INNER WELDS GRIND SMOOTH

### RESULT IN

HIGH COLLECTION EFFICIENCY  
LESS FAN BLADE WEAR  
LOW DRAFT LOSS  
LOW POWER CONSUMPTION  
HIGH TEMPERATURE RESISTANCE  
UNLIMITED CAPACITY  
NO MOVING PARTS  
FREE DUST FLOW

### PRODUCE

HIGH EFFICIENCY  
LOW MAINTENANCE  
LOW OPERATING COST  
LONG LIFE  
NO CLOGGING

DESIGNED TO DO A JOB, NOT JUST TO MEET A "SPEC"

...pretation, and pointing reformers  
...Congressional legislation, such as the  
...this bill now pending in the House.  
...filing the cancellation suit, the  
...ment is following a course sug-  
...ed in the Supreme Court's Jan. 8  
...ion, which said that if any of the  
...Hartford patents were obtained by fraud  
...way was open to have them can-  
...ed. Presumably the court had in  
...d one of the four feeder patents  
...under attack, for it had in fact al-  
...ly declared that this particular pat-  
...was obtained by fraud.

**Second of Its Kind—The Wilming-**  
...suit is only the second of its kind  
...the famous telephone patent cases  
...in the 80's, chronicled in the cin-  
...life story of "Alexander Graham  
...l."

**Charges against the American Bell**  
...Telephone Co., forerunner of A. T. &  
...and against codefendants Emil Ber-  
...er and Alexander Graham Bell, were  
...that they had deliberately delayed with  
...odulent intent the issuance of the  
...ents; and in the case of Bell, that  
...knew another individual to be the  
...al inventor. In both cases, the gov-  
...ment failed of proof, and the delay  
...is shown to be inherent in patent of-  
...the procedure.

Fifty-odd years later, in 1943, the  
...government started cancellation pro-  
...ceedings against the Cold Metal Pro-  
...Co., charging that its patents on the  
...rolling of steel had been obtained  
...fraud (BW-Oct.2'43,p56). This  
...se, now pending decision, was prose-  
...cuted by Maj. Roy C. Hackley, patent  
...attorney on loan to the Justice Dept.  
...from the War Dept. Maj. Hackley, a  
...former chairman of the patent section  
...of the American Bar Assn., is also han-  
...dling the Hartford case.

**A Sensation in 1938—The fraud al-**  
...leged in the complaint filed last week  
...against Hartford provided one of the  
...sensations of the Temporary National  
...Economic Committee investigation in  
...1938, which used the glass container  
...setup as a horrible example of the  
...wrongful use of patents in the national  
...economy.

It was revealed that Hartford at-  
...torneys had paid William C. Clarke,  
...then president of the American Flint  
...Glass Workers Union, to sign a ghost-  
...written tribute by labor to the efficiency  
...of Hartford equipment. This was pub-  
...lished in the July 17, 1926, issue of the  
...National Glass Budget, and was subse-  
...quently used allegedly to influence the  
...patent office to grant an application. A  
...disbarment case still is pending before  
...the Commissioner of Patents against  
...four attorneys involved in this incident  
...of nearly 20 years ago.

The complaint also charges that Hart-  
...ford fraudulently told the Patent Office

and the Court of Appeals for the District of Columbia that an earlier patent, granted to another party, which interfered with the four feeder patents in question, was inoperative, when Hartford had in fact constructed a model of the invention, and knew at the time that it was fully operative.

• **High Court's Position**—In this week's "clarification" of its January decision against Hartford and other glass container industry defendants, the Supreme Court made plain its view that it has full power to modify the relief granted by lower courts, while affirming their findings as to violations of law.

The most important clarification concerns disposition of some \$15,000,000 of royalties and rentals on Hartford machines impounded by the U. S. District Court in Toledo. The Supreme Court amplified its instructions regarding this money, as follows:

Hartford is to receive reasonable rental and service fees, as determined by the Toledo court, the balance being returned to the companies which paid the funds to the receiver. In the future, Hartford is to receive reasonable royalties, rentals, and service fees, as determined by the court. Licensees who are dissatisfied with the arrangement can terminate their leases and sue Hartford for any portion of the rents and royalties paid. The Toledo court is authorized to enter appropriate orders respecting each licensee, to carry out these instructions.

## Court Backs FPC

**Commission's authority to regulate wholesale natural gas is reaffirmed, but justices are sharply divided on the issue.**

In reaffirming the Federal Power Commission's authority to regulate wholesale natural gas rates, the U. S. Supreme Court emphasized this week that "rate-making is essentially a legislative function."

While Congress has provided for judicial review of FPC orders, the court pointed out that such review is limited to keeping the commission within the bounds which Congress has created. Since Congress has failed to provide a rate-making formula for FPC to follow, "courts are not warranted in rejecting the one which the commission employs unless it plainly contravenes the statutory scheme of regulation."

• **\$8,000,000 Rate Cut**—Thus the Supreme Court upheld FPC orders reducing natural gas rates nearly \$8,000,000 annually in Colorado, Michigan, and Wyoming. Several companies were involved:

(1) Colorado Interstate Gas Co., a subsidiary of Standard Oil Co. (N. J.), was ordered to reduce rates \$2,065,000.

(2) Canadian River Gas Co., sub-

sidary of Southwestern Development Co., was ordered to lower rates \$500,000.

(3) Panhandle Eastern Pipeline Co. was ordered to reduce by \$5,094,000 the rates on gas sold to a distributor company in Michigan.

(4) Colorado-Wyoming Gas Co. was ordered to cut rates \$98,000, and the FPC was asked to make further study of an additional \$21,000 reduction previously directed by the commission.

• **Close Decisions**—The court was divided closely and sharply in the decisions, two of which were 5 to 4. Even some of the justices who concurred disagreed in part or criticized the power commission.

• **Segregation Question**—Chief point of discussion in the cases was the allocation of costs. The court held that the commission is within its authority when it sets rate bases for interstate natural gas wholesalers without segregating costs on interstate business that is regulated by FPC from those on intrastate business which is not regulated by FPC. Since Congress, in the natural gas act, did not set a formula for such segregation of costs, the court held that the commission's method could not be held invalid.

• **Agrees With FPC**—Of especial significance to the utility industry is the court's upholding of FPC's right to bar intercompany profits from a rate base. In effect, the court agreed with this statement from an FPC order:

"Any treatment which would permit the capitalization of such amounts would open the door to the renewal of past practices of the utility industry when properties were traded between affiliated interests at inflated prices with the expectation that the public would foot the bill."

Canadian had purchased for \$5,000,000 from the Amarillo Oil Co., another Southwestern Development Co. subsidiary, gas properties for which Amarillo previously had paid \$1,897,504. FPC refused to allow more than the original cost to Amarillo to remain in Canadian's rate base.

Another point of interest to other utility interests was the court's affirmation of FPC's authority to consider the investment in facilities for production and gathering of gas.

• **Big Denver Rebate**—Denver, one of the chief beneficiaries under the rate reduction order, already has applied to the courts to be declared trustee of about \$6,000,000 held in escrow pending the Supreme Court's decision. The question now is how the three-year accumulated rate rebate will be divided.

The rate reduction will cut \$1,098,000 annually from the bills of Denver's domestic gas consumers.



## PRISONERS WEAVE NETS TO DECEIVE

At Camp Forrest, Tenn., Nazi prisoners weave camouflage nets. The Army, which released the photograph, issued no statement regarding the ultimate use of the product—a vital item in view of Geneva convention provisions forbidding use of captives in direct support of the war (BW—Mar 31'45,p94).

## ... and Then Myrtle Opened Her Purse



**1** Though the street outside is stifling,  
Inside Heatter's store it's worse.  
Myrtle, in no mood for trifling,  
Hastens out with tight-closed purse.



**2** In McCool's the fagged-out lady  
Trades her frown in for a smile.  
Air that hints of palm trees shady  
Bids her stop and shop a while.



**3** End that long "war of attrition"—  
Don't send folks out with a grouse!  
Keep your air in peak condition—  
Modernize — with Westinghouse!

Correct Air Conditioning pays because it attracts more customers who linger longer and buy more — steps up selling efficiency — protects merchandise and furnishings.

That is because it is the result of scientifically-engineered blending of correct temperature, humidity, circulation, ventilation and air cleanliness.

Depend upon Westinghouse engineering experience, research and equipment for correct air conditioning for your establishment.

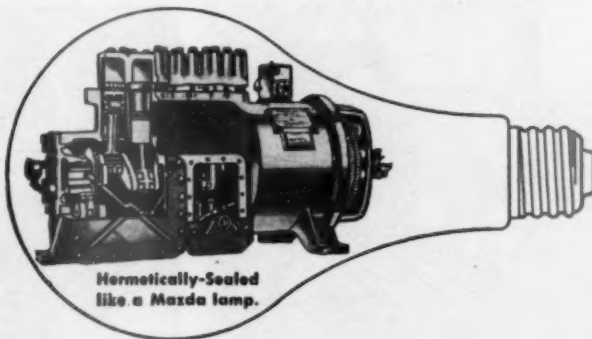
Consult Westinghouse early in the planning of your new or modernized store. Get your copy of "How to Plan Correct Air Conditioning." Phone your nearest Westinghouse office, or write Westinghouse, 150 Pacific Avenue, Jersey City 4, N. J.

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**No Shaft Seals.** During wartime refrigerant shortages, few Westinghouse systems were ever "down." Why? Because seal leaks are the cause of a large percentage of all system failures.

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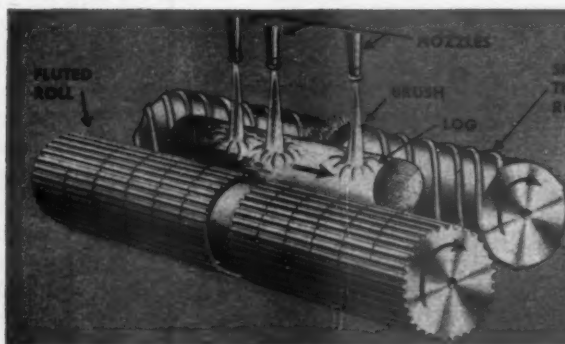
# WAR-BORN

## "BEAVER" MAKES GOOD

**NEW A-C STREAMBARKER SAVES TONS OF U.S. PULPWOOD.  
TYPICAL OF HOW A-C ANSWERS PRESSING INDUSTRIAL PROBLEMS**



**1** New way to save manpower and cut down waste in barking logs—that's the big news for the pulp and paper industry! New A-C machine helps alleviate shortage of pulpwood—basic ingredient of 99% of all paper!

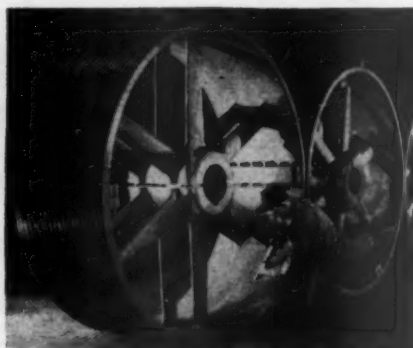


**2** Using a new hydraulic principle, the unique A-C "Streambarker" eliminates hand barking or rossing operations—is capable of barking 20 tons of pulpwood an hour with great savings of equipment, space,

manpower and pulpwood! This barker does not chip or "broom" ends, cleans pulpwood thoroughly generally recognized as the most efficient and economical machine ever developed for handling standard length logs.



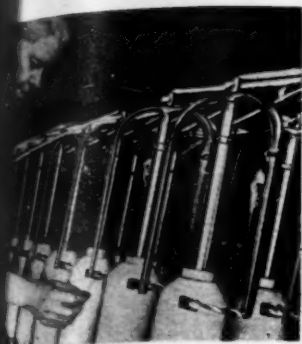
**3** Today, as tons of paper and cardboard leave hourly for overseas, and tons more are consumed at home, A-C "Streambarkers" are busy helping war-rushed mills meet ever-increasing pulpwood demands.



**4** Inside paper mills themselves, other A-C equipment is at work. Chip screens, pumps, kilns and motors help process pulp, waste paper . . . huge sheaves and Texrope Drives transmit mechanical power.



**5** Helping boost production of cloth is another example of A-C's contribution to the textile industry. A large part of U.S. textile machinery is powered by A-C motors and Multiple V Drives invented by Allis-Chalmers.



Studies of power-transmission problems have enabled us to cut costs and boost efficiency in many leading textile mills. A-C control and substation equipment are found here and in almost every industry!



**7** A large part of the food America eats, overseas and at home, is sped on its way by Allis-Chalmers. In packing, shipping, processing and canning plants, you'll find dozens of machines stamped A-C.



**8** On U. S. farms are still more examples of A-C leadership. The low-cost tractor, All-Crop Harvester, One-Man Hay Baler—all are A-C developments to help farmers produce more crops with less manpower.



Today, "Regulex" Exciter Sets control the temperature of electric furnaces with uncanny precision... save precious electric power, help lower "melt" costs, make possible extra furnace "heats."



**10** Developments like "Regulex" Control mean greater output of "weapon" steel for guns, shells, armor plate... promise new high standards of efficiency for the postwar industrial future!



**11** Put A-C's experience to work in your plant! Maintenance booklets, descriptive bulletins and helpful engineering counsel are always available to you on request. Call our nearby office.

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BUY BONDS FOR VICTORY

## Floating Power

Electric generating units help at home and abroad to meet heavy wartime demands on overburdened utilities.

The four floating power plants which the Army and the War Production Board insisted on including in the war power program more than three years ago have proved themselves completely, both at home and abroad. Together with mobile units mounted on railroad cars which have been sent to Europe, the "floaters" may introduce to the world a form of emergency power plant that will find a permanent, though limited, market after the war.

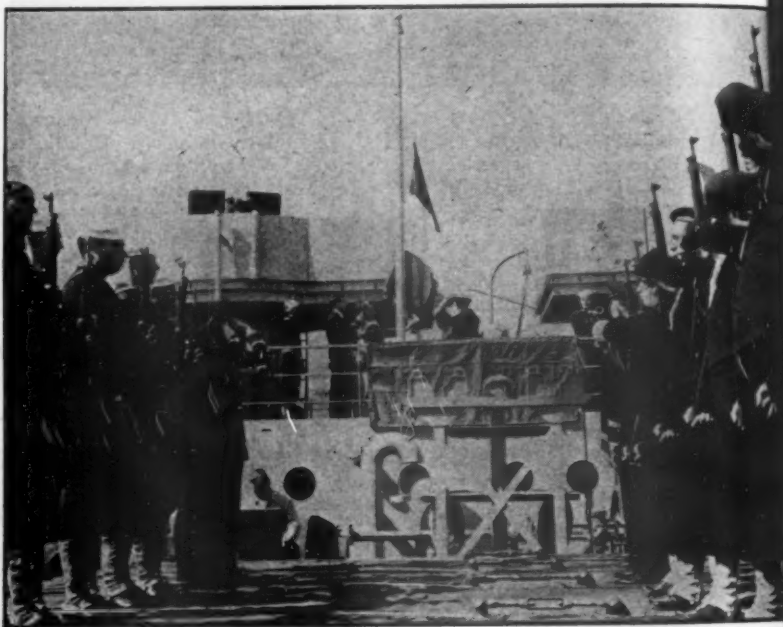
• **Two in Europe**—Two were taken to the European war theater last fall and recently went into operation. Another—the first completed—has been pumping energy into hard-pressed power systems in this country for about a year and a half. The last, recently completed, is being converted for operation (BW—Nov. 18 '44, p66) in battered

French and Belgian industrial areas until permanent power stations can be repaired or rebuilt.

The one "floater" in domestic use is about to be moved to Jacksonville, Fla., after a year's service at Pensacola where it served the Gulf Power system while additional generating capacity was installed. Before that it had been in the Mississippi at Vicksburg for some months when the southern power pool was operating on low capacity reserves.

At Jacksonville, it will help out the municipal system which has some turbines that haven't been down since thorough overhauling for several years. • **Must Be Converted**—The floaters are oil-fired and are designed to generate 30,000 kw. at 60 cycles, thus must be converted to tie in with European systems, virtually all of which operate at 50 cycles.

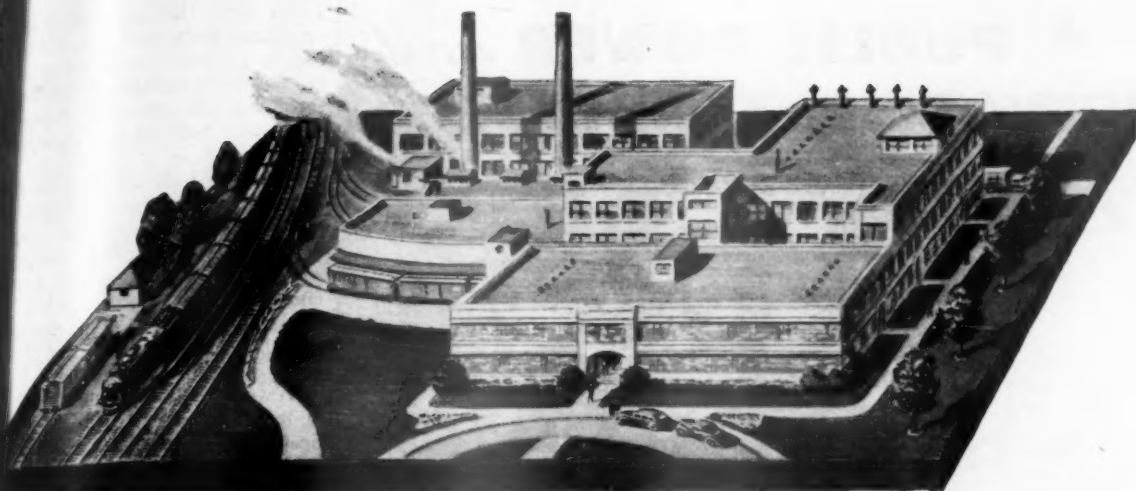
The change is made by adding a frequency changer to operate the alternators at 60 cycles while the machine is slowed down to generate at 50 cycles and by adjusting turbine blading in the late stages to maintain efficiency. This cuts the output to about 24,000 kw. but maintains fuel efficiency practically



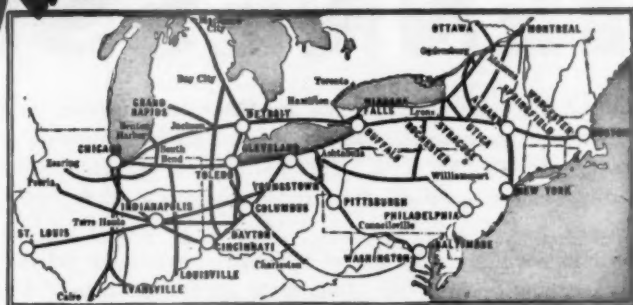
## FLOATING CORNERSTONE FOR NEW START

Flanked by color guards of U. S. and France, Christian Valensi, head of the French supply council in Washington, raises the Tricolor over the first of a series of Liberty ships to be built by Todd Houston Shipbuilding Co. for the French government under the inter-Allied ship pool. While the United States will retain ownership of these cargo vessels, France will operate them to speed supplies that it must have to rebuild its shipyards and its merchant marine. In addition, Todd shipyards will soon deliver to the British the first of a new group of tankers, which will be manned by crews from India.





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a par with that achieved at 60 operation. Return to 60-cycle operation can be achieved merely by cutting the frequency changer and operating turbine at full speed. The floaters their own fuel oil and make-up water.

• Crew of 65—In addition, the floaters which go abroad require minor strengthening of the barge and the installation of certain other facilities necessary for the ocean crossing, such as a steering engine, rudder, a seagoing bow, a house, additional crew quarters, a cooking galley and sick bay, and light mounts.

Towed by seagoing tugs at 10 knots, the first two made the crossing neatly and proved extremely seaworthy. For foreign operation, they require a crew of about 65 men, including gun and service personnel. For three-day operation at home, a floater requires about five men per shift plus a supervisor and a few maintenance men, a crew totaling about 25 men. For operations in the U. S., the floater has a 10-foot draft.

Cost of the remodeling for foreign operations boosts the total cost appreciably, but costs allocable to power are about \$100 per kw. This compares favorably with the cost of first-class land steam power plants constructed under peacetime costs and probably can not be excelled for economy by any other electric power plants financed by the government in this war.

• Value Established—The floaters have proved "very practical," according to government men who are connected with the program, and have also demonstrated "great possibilities" for postwar use.

One utility, which has considerable hydroelectric generating capacity in its system, has already attempted to buy the single unit used in this country with the idea of moving it around the system in order to back up low-water plants.

Douglas Wright, manager of the Interior Dept.'s Southwest Power Administration, recently sought this unit for use in firming up the output of the Grand River Dam, in northeastern Oklahoma, but it is being held in Florida.

• Idea Not New—The idea of auxiliary floating power plants is not new with this war. In 1929 the U. S. S. Lexington supplied electricity to Tacoma, Wash.

In 1940, the Public Service Co. of New Hampshire had the 20,000-kw. Jacona in service on the Piscataqua River near Portsmouth (BW—Nov. 3, '40, p. 36). However, the Army's floating power plants are of later design, and 10,000 kw. larger in capacity.

# DUREZ

## PHENOLIC RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

OIL SOLUBLE RESINS

### MOLDING COMPOUNDS



#### WORTH GETTING "STEAMED-UP" ABOUT

Ideal for home and hospital use, the Spartan (Minneapolis) vaporizer is a brand-new development in humidifying equipment. Entirely automatic, this streamlined product holds a full half-gallon of water and gives off steam immediately, even though the water is ice-cold. The unusual design and ingenious mechanical principle of this unit typify the progress being made by American industry in developing new products and improving old ones with Durez phenolic plastics. The unusual versatility of the more than 300 Durez phenolic molding compounds has resulted in their extensive use by manufacturers in practically all fields of industry. Their outstanding properties, such as excellent moldability, diversity of finishes, dielectric strength, and resistance to moisture, heat, acids and alkalies, render them invaluable to the progressive manufacturer with post-victory markets in view.

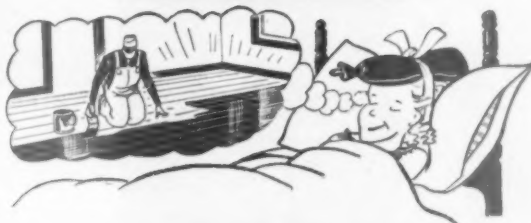
### INDUSTRIAL RESINS



#### MAKING THE DUCK LOOK LIKE A PIKER

"Like water off a duck's back" doesn't half describe the waterproofness of a Durez 12688 bond. This room-temperature resin adhesive which sets at 75° F. was developed especially for assembly gluing and is completely impervious to water—whether it be ice-cold or boiling-hot. In fact, bonds produced with Durez 12688 are just as waterproof and durable as those in hot-pressed plywood. This remarkable resin opens up many new fields of which laminated lumber, keels, prefabricated housing, and framework parts for aircraft, boats, and buildings are but a few.

### OIL SOLUBLE RESINS



#### HEADACHE CURE FOR A TAP DANCER'S WIFE

Durez phenolic resins lend toughness, mar-proofness, gloss retention, soap resistance, and fast-dry to floor paints . . . make for virtually indestructible floor finishes. The remarkable properties which these Durez phenolic resins impart to paints, varnishes, and enamels, render them invaluable to the manufacturer with a weather-eye on the future.

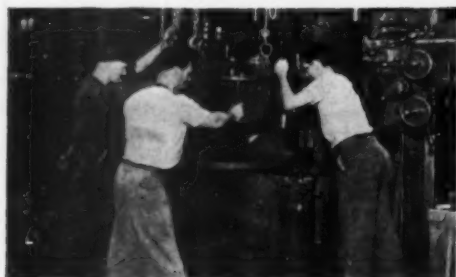
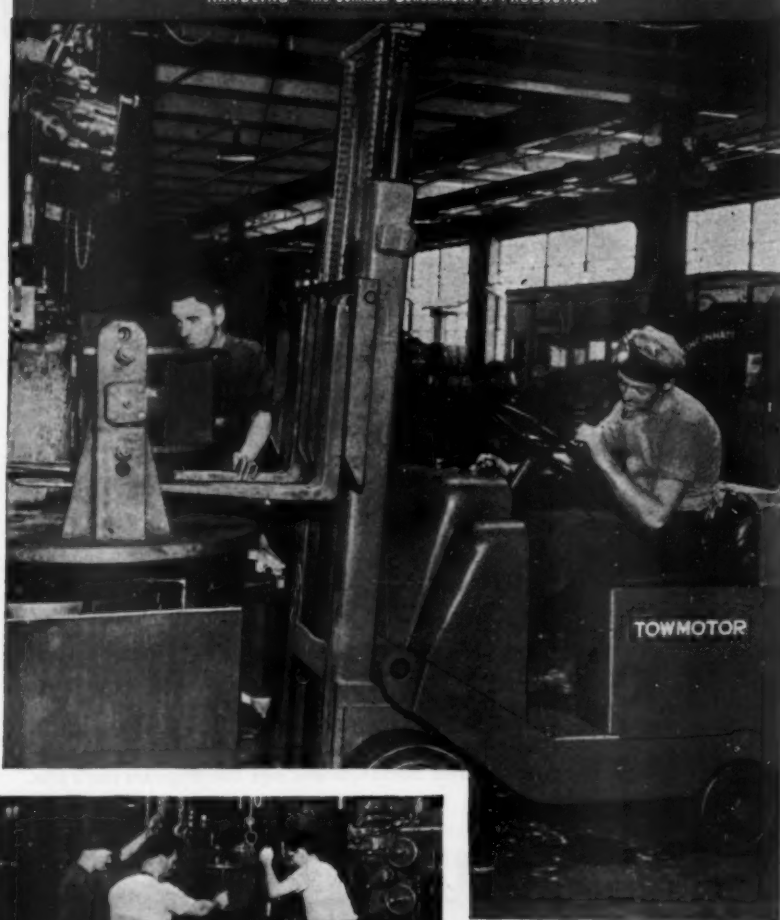
The above are but a few examples of the broad scope of Durez operations. The unusual background of our organization is the result of a quarter century's experience as specialists in the development and production of the phenolics . . . the most versatile of all plastics. Because of their product versatility, Durez phenolics enjoy a tremendous use throughout industry on a scale that is practically all-embracing. Add to this the extensive experience which Durez technicians have acquired through active participation in the successful development of many and varied products—and you can readily appreciate the value of their cooperation in developing your products for post-victory markets. You are assured of the complete cooperation of the Durez staff at all times. Durez Plastics & Chemicals, Inc., 244 Walck Road, North Tonawanda, N. Y.

PLASTICS THAT FIT THE JOB

7, 194



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criterion which the United States has applied to its domestic agricultural production."

Because of its inflationary impact, the State Dept. had to turn down the request, which it did on Mar. 22. In its reply, the State Dept. referred to Resolution No. 3, which urged the establishment of appropriate price controls by all the Americas.

• **Guarding the Controls**—The department added that its decision "not to increase the maximum price of green coffee is essential to the maintenance of price controls that are adequate to withstand the inflationary pressures with which the country is now faced." It might also have pointed out that the resolutions are only recommendations.

But the apparent contradiction of Resolution No. 3 with Resolution No. 15 indicated that someone had not examined the proposal too closely. What the coffee-producing nations would do next, no one knew.

## BUS SYSTEM EXPANDS

Confirmation of recurrent reports of further mergers of major bus lines (BW—Nov. 11'44, p20) came last week. Announcement was made by Kebbon, McCormick & Co., Chicago investment bankers.

All American Bus Lines, Inc., within the next few weeks will ask the Interstate Commerce Commission to approve its purchase from the Burlington railroad of 51% ownership of Burlington Transportation Co. (BW—Feb. 3'45, p62). The 49% will remain in the hands of the railroad company.

As it now stands, All American has already absorbed Northern Trails and Eastern Trailways. Acquisition of control of the Burlington Bus Lines provides better facilities and better vehicles.

Speculation persists that similar absorption of railroad-owned Santa Fe and Missouri Pacific bus lines is on the program. This strikes the industry experts as a wholly logical step in the development of a real competitor to give Greyhound a run for the transcontinental bus-travel dollar.

## FEWER JOBS IN DETROIT

Jobs in Detroit following the war will decline by a quarter of a million, leaving from 150,000 to 300,000 persons idle, a lengthy report of the city's plan commission predicts. Against the war peak of 1,300,000 jobs in industry and all other classifications in the Detroit immediate metropolitan area, no more than 1,000,000 to 1,200,000 are anticipated in peacetime.

The commission report, more significantly, expressed fear that, unless new

## 79 PARTS

HARDENED BY THIS "ONE MAN  
HEAT-TREATING DEPARTMENT"

THE Cooper-Bessemer Corp., renowned builder of top-quality engines and compressors for vital war and peacetime equipment, is discovering how to reap the benefits of TOCCO Induction Hardening to the fullest extent. Its progressive engineers have scheduled 158 different parts for this versatile "one-man heat-treating department"; 79 of these parts are already TOCCO-hardened. Highlights of these operations are pictured above. Highlights of these operations are pictured above.

Sizes of parts vary from 1/2 oz. set screws to 186-lb. cross-head pins.  
Materials include SAE 52100, SAE 4615, SAE 1115, SAE 1045, NE 8620 and Meehanite Metals.  
Typical time savings: Formerly hardened 100

THE OHIO CRANKSHAFT CO.  
Cleveland, Ohio

Now **142** parts  
**TOCCO-HARDENED**  
by Cooper-Bessemer  
on one Tocco Machine

186-LB. CROSS-  
HEAD PIN...

1/2-OZ. SET SCREW

BOTH HARDENED  
BY SAME TOCCO  
MACHINE

# ... Many Hardened in 1/3 Former Time

THE above report on the TOCCO hardening of 79 parts for Cooper-Bessemer engines and compressors appeared in July, 1943. Since then, the production of 63 more parts has been assigned to this versatile "one-man heat-treating department."

These 142 parts range in size from 1/2 oz. set screws to 186-lb. cross-head pins. Materials include SAE 52100, SAE 1050 modified, NE 8620, Meehanite, as well as carburized low-carbon,

carbon and alloy steels. All are hardened on the same TOCCO machine.

TOCCO cuts the hardening time of many of these parts 75%; eliminates straightening; reduces machining and grinding; provides better working conditions.

Find out how versatile, speedy TOCCO Induction Heating can improve *your* products, step up *your* output and cut *your* costs. The 32-page book, "Results with TOCCO," free on request.

THE OHIO CRANKSHAFT COMPANY, Dept. W. • Cleveland 1, Ohio



# TOCCO

**INDUCTION**  
**HARDENING, BRAZING**  
**ANNEALING, HEATING**

# THE B-C's

## OF RUST PREVENTION

- ① **Clean Surfaces.**
- ② **Careful Choice of Preventive.**
- ③ **Correct Application.**

Preventing corrosion includes far more than mere application of a preventive compound—even if the preventive is specified for the job. No matter if it is most carefully applied, it cannot do valiant guard duty against infiltration of rust unless the metal surface is clean.

Houghton's Rust Prevention Service begins at the beginning. It covers the three major points listed above. It includes also protection of parts passing through production before they are finally packaged.

This service, begun three wars ago, has kept ahead of current demands made increasingly stringent by this global war. May we sit in on your plant's discussion of corrosion problems?

**E. F. HOUGHTON & CO.**

303 W. Lehigh Avenue, Philadelphia 33, Pa.

Offices in All Principal Cities

*Houghton's*

**RUST PREVENTION SERVICE**



### MIDGET SOUND CANNER

While makers of wire sound recorders met this week in Rochester, N. Y. to discuss manufacturing standards (ENR—Mar. 31 '45, p. 22), Chicago's Armour Research Foundation unveiled its "pocket-size" recorder (above). Similar to those in use by the Army and Navy, the midget set impresses sound on hairlike wire, has a battery-powered motor. The Armour Foundation, which controls patents on wire recording, foresees a hot postwar demand for such portable dictation units for traveling executives and salesmen.

industries are attracted to Detroit's permanent unemployed group numbering 150,000 or so may be created many years. This was largely attributed to in-migrants' swelling of the labor pool in the area to 600,000 above war peaks.

But the commission report held out an ultimate hope for relief.

By 1970, it was predicted, manufacturing jobs alone in the area will number from 1,000,000 to 1,200,000; while 520,000 to 610,000 will be absorbed in nonmanufacturing fields and 30,000 to 35,000 others in scattered work.

The report mentioned plastic and chemical products, aviation, prefabricated housing, rubber, and glass production as possible fields for industrial expansion.





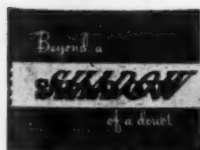
# THERE IS ONLY ONE SURE WAY TO TELL A GOOD *Bottleneck* FROM A BAD ONE

**T**here are good bottle necks and bad bottle necks.

To form a perfect seal, the thread of a bottle neck and the mating thread of the closure must conform. By inspecting the thread contours of the bottlenecking mold and the closure, with a Jones & Lamson Optical Comparator, the accuracy of both is assured.

Forming Dies for plastic caps, and Seaming Rolls for metal cans are also inspected with Jones and Lamson Optical Comparators.

If your inspection department is a bad bottleneck, it will pay to investigate the possibilities of inspection by optical projection with Jones & Lamson Comparators. There is an experienced Jones & Lamson inspection engineer near you, ready to study your inspection problems—call, write or wire him without hesitation.



This book "Beyond a Shadow of a Doubt" will tell you more about our Optical Comparators and what they are doing.



**DID YOU KNOW...**  
THAT GOLF BALLS MUST BE PERFECTLY ROUND TO BE TRUE? THEY ARE INSPECTED FOR CONCENTRICITY WITH JONES & LAMSON OPTICAL COMPARATORS

**JONES & LAMSON**  
MACHINE COMPANY  
Springfield, Vermont, U.S.A.



Manufacturer of: Universal Turret Lathes • Fay Automatic Lathes • Automatic Double-End Milling and Centering Machines • Automatic Thread Grinders • Optical Comparators • Automatic Opening Threading Dies and Chasers.

# HYSTER

## ✓ REMEMBER THE NAME

HYSTER means to *hoist*. It comes from the verb *hist*, a typical American word born in the Pacific Northwest and widely used by lumber men... Hyster is the trade name of a line of heavy duty hoisting, stacking and hauling equipment with a record of distinguished service in American industry for 15 years.

## ✓ REMEMBER THE PRODUCTS

Hyster Company is the world's largest maker of tractor winches—exclusive manufacturer of winches, cranes and other equipment for "Caterpillar" track-type tractors. Hyster is also a pioneer builder of industrial lift trucks—models from 2,000 pounds to 30,000 pounds capacity, gas powered and equipped with pneumatic tires, that will transport loads quickly over rough or smooth surfaces.

## ✓ REMEMBER THE SERVICE

To production and management men Hyster service means lift truck equipment that cuts costs in materials handling of all kinds. To contractors, loggers, the armed forces, Hyster service means tractor equipment that puts out top performance on tough jobs and makes vital savings in time, manpower and money.



Hyster Company, Portland 12, Ore., Peoria 3, Ill.  
Sales and Service Offices in Principal World Cities

## Burley Pays Off

Kentucky growers bask in prosperity after sales of record crop, but no early increase in cigarette output is predictable

Despite the optimism that might be generated by Kentucky's bumper crop of burley, the tobacco trade sees no genuine relief for either itself or its customers for many months to come.

The Kentucky crop (second only to Carolina flue-cured as the principal cigarette ingredient) is now almost 100% sold. Last month the totals stood near 480,000,000 lb., with 430,000,000 lb. of it in burley, the rest in heavier smoking and chewing types.

• **A Record-Breaker**—Burley from Kentucky and Tennessee together is expected to amount to 600,000,000 lb. or more for the season, a record-breaker in size but not in quality. This year's harvest is heavy and wet. One manufacturer reports that he is getting only 86% usable by weight from his current purchases compared to a normal 90% to 91%.

Quality notwithstanding, the crop is a real lifesaver for the inventory situation (pulled down to a probable 14-month supply). Best estimates now are that total holdings of unmanufactured leaf may equal 17 or 18 months of current wartime demand. In peacetime the same holdings would probably have met the needs of manufacturers for 30 to 36 months.

• **What the Crop Means**—In the aggregate, the current crop is believed to provide at least 150,000,000 lb. over estimated annual disappearance, an apparent justification for optimism. Unfortunately, no one in the know can foresee any possible means of increasing appreciably the output of cigarettes (which take 75% or more of the total), even for months after V-E Day.

The predominant view is that the ending of the war in Europe is not going to bring an appreciable shrinkage of either military demands or the public's spendable income. So, why pretend?

The import situation is also reported improving. Supplies of Turkish (used by manufacturers with just about half the liberality of two years ago) are good. The current Turkish export crop is reported at 38,000,000 lb. with 10,000,000 lb. in storage. Normal American demand runs 37,000,000 lb. to 38,000,000 lb.

• **Prices Pushed Up**—The Turks, however, are boosting their prices. The average is now around \$1.10 a lb. for the

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tiny flavoring leaves which the American smoker likes so well when they are blended with 90% to 94% of domestic tobacco.

Meanwhile, prosperity is having a field day in the burley belt. Bank debits in Louisville and Lexington are 200% to 300% above prewar levels, and some 15% above last year. One effect of this prosperity is that growers, unable to buy many things because of wartime shortages, are putting their money in additional land. Washington is permitting an increase of 2% in acreage for the next crop year, but it is not expected that poundage will run anywhere near the phenomenal 1944-45 average.

• **Foil Package Returns**—Cigarette manufacturers' latest surprise for the public is a return to the foil package. Old Gold (Lorillard) and Lucky Strike (American) are using it. While the supplies of paper get scarcer and scarcer, foil has been released for the first time in two years.

## WAR SCHOOL IS CITED

A citation "for distinguished service" was awarded by the Sixth Service Command of the U. S. Army this week to the War Problems School of the Chicago Assn. of Commerce. The award is believed the first to a service, trade, or commercial organization.

The War Problems School was established in October, 1941. Since then it has held 200 sessions to inform businessmen on such wartime subjects as priorities, industrial manpower, selective service, wage and price controls, rationing, financing war contracts, and renegotiation. Most of the 290 participating speakers have been military or government officials. The roll call of business executives attending one or more meetings totals 1,500.

## SWIFT WINS TEXAS CASE

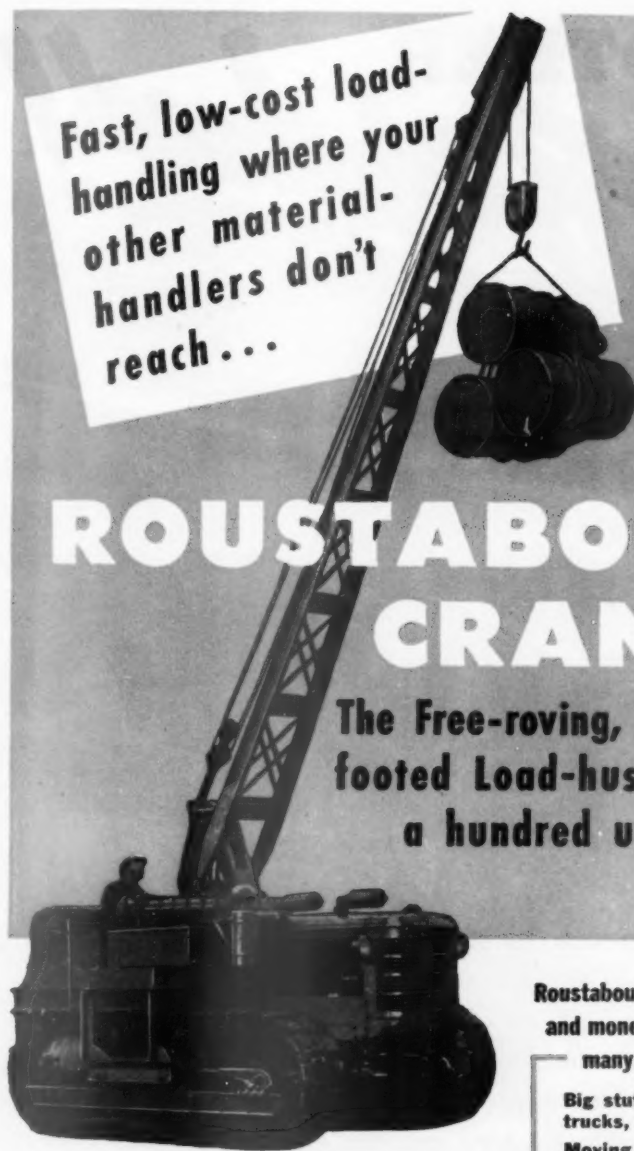
Swift & Co. will not be ousted from Texas for operating without a permit, the Third Court of Civil Appeal has ruled in upholding a trial court's decision. The state contended that Swift, as owner of the Consumers Oil Co., a Texas corporation, was operating a cottonseed oil mill and gin in the state without a permit.

The appellate court held that Swift, an Illinois corporation, did not deny the ownership of the stock in the Texas corporation, and that such operation is not unlawful. The decision means that a Texas incorporated subsidiary of an out-of-town company is entitled to the same privileges of franchise as any Texas corporation wholly owned within the state, and that additional or dual permits are not required.

Fast, low-cost load-handling where your other material-handlers don't reach...

# ROUSTABOUT CRANE

The Free-roving, Tractor-footed Load-hustler of a hundred uses



Roustabout saves you time and money on these and many other jobs

- Big stuff off and on trucks, freight cars
- Moving large machines
- Handling bales, boxes, drums
- Moving big castings, motors, railroad and marine gear
- Loading air transport planes
- Handling tanks, pipe, structural steel
- Installing heavy valves and fittings

If it pays you to have overhead cranes, conveyors or factory trucks, you'll find your versatile Roustabout Crane highly profitable outside their range — for moving, loading, stacking heavy stuff all around your plant. Instant action where needed — no crews taken from other work. Smooth easy operation — picks up a 7½ ton machine or sets down a crate of eggs safely. Built for years of overwork — ball-bearing boom turntable, gears in oil. Hundreds of plants regard their Roustabouts as indispensable. Write for the facts about this fast-action wheel or crawler crane.



THE HUGHES-KEENAN COMPANY  
600 Newman Street, Mansfield, Ohio

**Roustabout Cranes**

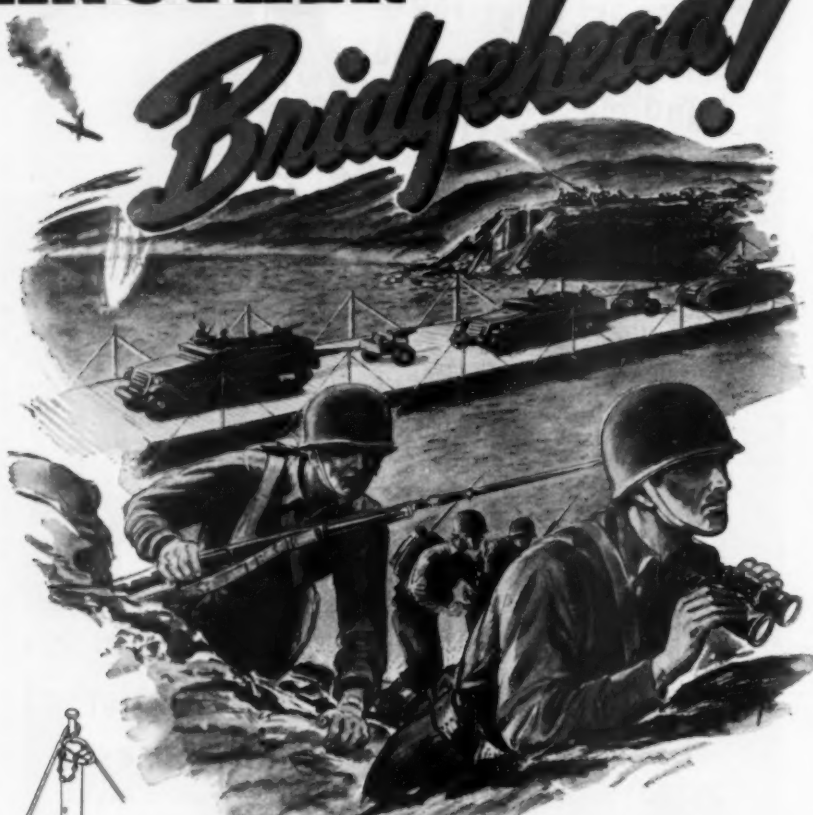
By Hughes-Keenan

Load-Handling Specialists Since 1904



# ANOTHER

# Bridgehead!



Michaels Trestles help our fighting men establish and hold bridgeheads on every battle front. Thousands of foot soldiers and virtually all types of mobile equipment are carried safely from shore to shore on portable bridges supported by these trestles. When a stream must be crossed, Army engineers set Michaels Trestles and erect a bridge with incredible speed . . . a bridge sufficiently sturdy to carry heavy equipment over shallow streams or up to ponton bridges when the deep water is encountered. ¶ In addition to bridge trestles, Michaels manufactures V-type trestles for piers, extremely accurate devices for important weapons and other war necessities. When the need for these essentials no longer exists, Michaels will resume the production of MI-CO Parking Meters, Time-Tight Exhibit Cases, Bronze Tablets and many other products of ferrous and non-ferrous metals.



**The MICHAELS ART BRONZE CO., Inc.**  
COVINGTON, KENTUCKY

Manufacturers since 1870 of many products in Bronze, Aluminum and other Metals  
Experienced Representatives Wanted

## WAR BUSINESS CHECKLIST

A digest of new federal regulations affecting priorities, price control, and transportation.

### Increased Civilian Supply

War Food Administration has authorized deputy administrators of the chicken set-aside order in specified areas of eight broiler-producing states to release limited quantities of dressed poultry to authorized processors for distribution to civilians. The order establishes a weekly processing goal for each processor. Those who exceed their goal may keep half of the excess, less the poundage of set-aside poultry rejected by the Army, for distribution to civilian outlets. This program operates in Delaware, Maryland, Virginia, West Virginia, Georgia, Oklahoma, Missouri, and Arkansas.

• **Candy Bars**—Beginning Apr. 1, WFA has reduced the set-aside percentage of candy bars, rolls, or packages under WFO 115 from 50% to 35%. (Amendment 5, WFO 115.)

### Tightened Restrictions

From Mar. 24 through June 30, WPB has restricted deliveries of any carded cotton sale yarns (excluding seconds), single or ply, in Groups 1 or 3 of Order M-317b, other than machine knitting yarns in counts of 20's or coarser, except to fill orders bearing preference ratings assigned on Form WPB-2842 or except to deliver before May 1 on an order dated before Mar. 29 that has been placed directly or indirectly by the armed services. However, under certain conditions, a manufacturer of tufted, shag, or chenille fabrics or products may use for a limited time some of the carded cotton yarns or rovings that he produced or had in inventory before Jan. 15 and which were frozen on that date. (Direction 9, Order M-317, as amended.)

• **Steel Pipe**—Utilities may schedule for delivery during the second quarter of 1945 not more than 20% of steel pipe deliveries in all of 1944 for use in maintenance and repairs and for minor plant additions. Up to ten tons of pipe may be scheduled, however, without cut from last year's rate. (Direction 4, Utilities Order U-1.)

• **Ceramics**—By classifying ceramics into six groups and allocating to each group a definite quota of lead for coating purposes, WPB has assured manufacturers of essential ceramics of a greater supply of lead for this purpose.

• **Newsprint**—U.S. newspaper publishers must reduce by 6% their April orders on all paper mills in Canada, this country, and Newfoundland under an amended WPB order which provides a new formula for calculating a publisher's monthly paper

# *Preformed wire rope*

**CUTS PRODUCTION COSTS 3 WAYS**

One reason is enough—but here are *three* reasons why Preformed wire rope cuts production costs:

1. Preformed lasts longer; pays bigger dividends on wire rope dollars.
2. Preformed rotates less. You don't have to repair or replace sheaves, drums and rope so often.
3. Preformed winds easily on drums. You encounter fewer delays. Your men and machines produce more per day, per month, per year.

Thousands of operators have standardized on Preformed—and use nothing else on tough wire rope jobs.

ASK YOUR OWN SUPPLIER FOR  
PREFORMED WIRE ROPE



# The Biggest News in Insulation... PC FOAMGLAS



● PC Foamglas, unlike other insulating materials, never loses its effectiveness as time goes by. It helps maintain desired temperature and humidity levels, prevents condensation — *permanently*.

This new insulating material consists of air sealed in glass cells. It is impervious to many elements that cause other materials to lose insulating efficiency. PC Foamglas withstands acid at-

mospheres, moisture, fumes and vapors. It is verminproof, waterproof, vaporproof, fireproof.

When you decide to insulate roofs, walls, floors or equipment in your plant, be sure to check the many advantages of PC Foamglas against other insulating materials.

Send for free booklets which tell how, where and why you should use PC Foamglas to lick insulating problems—for good.

## PITTSBURGH CORNING CORPORATION

Room 627, 632 Duquesne Way, Pittsburgh 22, Pa.

• Also makers of PC Glass Blocks •

*Waterproof ... Fireproof*



# PC FOAMGLAS INSULATION



Albion Novelty Co., Inc.  
Albion, N. Y.  
Auburn Rubber Corp.  
Auburn, Ind.  
Covered Wagon Co.  
Mount Clemens, Mich.  
General Electric Co.  
Fort Edward, N. Y.  
The General Tire & Rubber Co.  
Akron, Ohio  
Hansen Manufacturing Co.  
Princeton, Ind.  
Kingsbury Machine Tool Co.  
Keene, N. H.  
Monroe Sander Corp.  
Long Island City, N. Y.  
Quality Hardware & Machine Corp.  
Chicago, Ill.  
River Raisin Paper Co.  
Monroe, Mich.  
Ross Adseal, Inc.  
Indianapolis, Ind.  
Sight Feed Generator Co.  
West Alexandria, Ohio  
Wexler Knitting Mills, Inc.  
Philadelphia, Penn.

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

base for the second quarter of this year. (Order L-240, as amended.)

## Price Control Changes

Producers of wet gelatin raw stock who made no sales of the raw stock as such in 1942 may now sell through dealers without special permission from OPA. (Amendment 2, Regulation 563.)

● **Used Lumber**—OPA has authorized regional and district administrators to set dollar-and-cents ceilings on used lumber, which in some areas has skyrocketed higher than prices for equivalent grades of new material. (General Order 61.)

● **Steel Drums**—Dollar-and-cents ceiling prices have been established on sales of new and used five-gallon steel drums by any federal agency and on all resales. This OPA action will take care of such drums as will be declared surplus by the government. (Order 41 under Supplementary Order 94.)

● **Imported Olive Oil**—OPA has fixed a price of \$4.30 per gal., cost and freight, as the maximum importers may pay for olive oil. The price does not include war risk, marine insurance, or U. S. duties. Certain contracts entered into before Mar. 24 are exempted. (Amendment 44, Regulation 53.)

● **Eggs**—Because of heavy demand for eggs and a relatively short supply (BW-Mar. 31 '45, p86), OPA has taken action to permit the sale of "current receipt" (ungraded)



f.o.b. the seller's farm, place of business, or other location. (Amendment 4, Revised Regulation 333.)

**Carbon Black**—An adjustable pricing plan covering sales to Defense Plant Corp. of rubber grades of nonspecialty furnace carbon black produced from propane has been issued by OPA. (Order 50 under Section 1499.19a of Gen. Max.)

**Wood Pipe**—The following types of wood pipe were removed from price control on Apr. 2: machine banded wood pressure pipe; wire-wound wood pressure pipe; continuous stave wood pipe; solid bored wood pressure pipe (machine banded or wire-wound); and wood-lined pressure pipe. (Amendment 15 to Supplementary Order 1.)

**Pork**—To enable the Army and Navy to get their share of meat, OPA has authorized them to pay somewhat higher prices for several pork items. (Amendment 12, Revised Regulation 148.)

### Ration Control Changes

To build up critically needed supplies of larger sizes of infants' leather shoes, OPA has extended shoe rationing to cover the entire size range of such shoes beginning May 1. At present, rationing covers infants' leather shoes in sizes 4½ to 8 only. Dealers who have not previously sold rationed shoes, as well as manufacturers, must report to OPA district offices the number of pairs of shoes in sizes 0-4 which they have in stock when rationing goes into effect. (Amendment 95, Ration Order 17.)

**Rationed Foods**—By removing restrictions on rationed foods that limited industrial workers to their allotment for the first quarter of 1945 until Mar. 31, OPA has enabled bakers, beverage manufacturers, makers of pharmaceuticals, and others to continue operations by using some of their second-quarter allotments, available since Mar. 16. (Amendment 13, Second Revised Ration Order 3; Amendment 76, Revised Ration Order 13; Amendment 48, Revised Ration Order 16.)

**Gasoline**—Tighter restrictions on gasoline rations for motorists set up rigid tests for applicants for "C" rations, reclassify as "B" drivers certain motorists who have been receiving "C" rations, and establish a new "semipreferred" classification for individuals not meeting qualifications for "C" cards. (Amendment 181 to Ration Order 5-C.)

### Surplus Goods

The largest quantity of government surplus paper, including drawing, map and hectograph paper, waterproof envelopes, plain cards, ink, and office machines, offered to date in the Midwest will be listed in the Apr. 7 issue of Treasury's catalog, "Surplus Reporter," for sale on Apr. 23. The list includes accounting, billing, adding, Addressograph, duplicator, Mimeograph, marking, numbering, check writing, check cutting, Signograph, and mailing machines. Most of these machines can be inspected at 2530 Elston Ave., Chicago, or 1790 Como Ave., St. Paul, Minn., after Apr. 7.

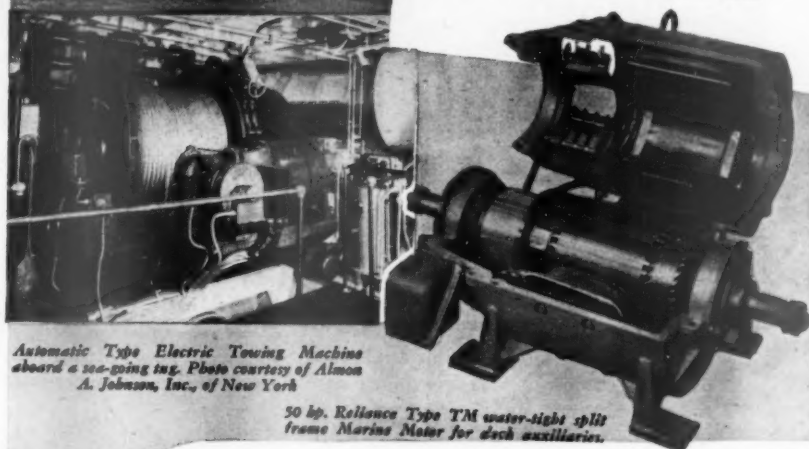
## IN ROUGH SEA SERVICE, TOO RELIANCE MOTORS HAVE WHAT IT TAKES!



Tow line under normal conditions. Deep catenary acts as cushion to allow for changing position relationship between tug and tow.

As ships are separated by large waves, tow line is paid out under tension.

As they are forced closer together, line is kept taut by rapid recovery of the towing engine.



Automatic Type Electric Towing Machine aboard a sea-going tug. Photo courtesy of Almon A. Johnson, Inc., of New York

50 hp. Reliance Type TM water-tight split frame Marine Motor for deck auxiliaries.

**F**EW jobs are more important today than the work of seagoing tugs—towing disabled ships to safety, pulling barges, moving floating dry docks. These tugs and their equipment must meet emergency after emergency, regardless of seas or weather.

And here again—in electric towing machines which constantly keep tow lines at proper length and tension—Reliance Motors are proving their ability to take overloads and stand up under punishing use.

If you have a job to test the mettle of a motor, remember that the ones Reliance builds have what it takes. Just call or write the nearest Reliance office.

### RELIANCE ELECTRIC & ENGINEERING CO. 1069 Ivanhoe Road • Cleveland, Ohio

Birmingham • Boston • Buffalo • Chicago • Cincinnati • Detroit • Greenville (S. C.) • Houston • Kalamazoo • Los Angeles • Minneapolis • New York • Philadelphia • Pittsburgh • Portland (Ore.) • St. Louis • San Francisco • Syracuse • Washington, D. C. • and other principal cities

# RELIANCE<sup>AC</sup> DC MOTORS

"Motor-Drive is More Than Power"

"Take a Number from 1 to 9999 PR

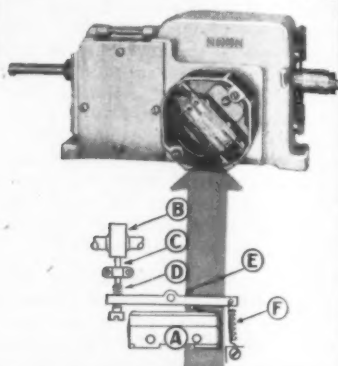
# MICRO SWITCH

**SNAP-ACTION**

Will "Remember" It  
even at 2500 r.p.m.



Here is how it works



This Cycle Repeater of the Counter and Control Corporation of Milwaukee, Wisconsin, employs a Micro Switch snap-action switch to make or break the circuit at any predetermined number from 1 to 9999.

The Counter and Control Corporation chose a Micro Switch product for the operating heart of this Cycle Repeater because of its proven accuracy of response through millions of repeat operations. Too, its tiny, compact size combines with its rugged construction to meet the needs of their application.

This device is an automatic, predetermined counter, self-resetting and self-repeating . . . something new in controlled production. It is used as an integral part of production machinery to control cycles, operate signals, lights, bells, relays, motors, conveyors and elevators.

Once the predetermined number is set, the Cycle Repeater can be run at as high a speed as 2500 R.P.M., and the snap-action switch will make or break the contact at the point required. This is accomplished by a cam which actuates the switch after the proper sequence of gear revolutions in the counter mechanism.

Hundreds of designers, in every branch of industry, are finding the ability of Micro Switch products to switch substantial loads at line voltage . . . without the use of relays . . . makes them ideally suited for a wide variety of electrical controls in both war and peace production. Your engineers should know all about these Micro Switch controls. We'll be glad to send you as many copies of our Handbook-Catalog as they may require.

The plastic enclosed switch "A" is bolted to a bracket which is attached to the counter housing.

After the proper sequence of gear revolutions in the counter mechanism, a cam "B" on the gear arrangement presses the plunger "C" against the adjusting screw "D".

The pin balance "E" then causes the bar to release its pressure on the switch plunger which either opens or closes the electrical circuit as desired. Spring "F" acts as a counterbalance to restore immediately the pressure on switch plunger for another cycle of operations.

LET'S ALL BACK THE ATTACK BUY EXTRA WAR BONDS

© First Industrial Corporation

**MICRO SWITCH**

A DIVISION OF FIRST INDUSTRIAL CORPORATION

Freeport, Illinois, U. S. A. Sales Offices in Principal Cities



The basic switch is a thumblike featherlight, plastic enclosed precision, snap-action switch. Underwriters' listed and rated at 1200 V. A., at 125 to 440 volts a-c. Capacity on d-c depends on load characteristics. Accurate reproducibility of

performance is maintained over millions of operations. Basic switches of different characteristics are combined with various actuators and metal housings to meet a wide range of requirements.

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# PRODUCTION

## New Stanley Plan

Tested method of bringing contractors and subcontractors together is revived by its author as private business venture.

A familiar topic in ordnance-contract circles three years ago was "the Stanley Plan" (BW—May 9'42, p22).

This was a method devised by James S. Stanley of Richmond, Va., the prosperous engineering-trained owner of a filling-station chain. Its purpose was to bring together, by a simple weekly listing of jobs to be let, the prime contractor who needed help and those would-be subcontractors who had in their shops the particular machine-tool capacity to do his job.

• **Good, But Killed**—The plan had a tryout for a few months in the Chicago district of WPB's Contract Distribution Service and achieved remarkable results—but it was dropped. Some sideline observers credited its discontinuance to interbureau jealousy directed at Stanley (a businessman outsider) and to fear among some WPB engineers that if this semiautomatic method of accomplishing the results should really click, their paychecks would no longer be justified.

Last month Stanley turned up in the Middle West with a streamlined version of his plan, and the avowed intention of developing it into a self-supporting, money-making business enterprise. Some of his WPB crew of three years ago share his confidence that he will almost surely be able to perform an extremely useful service now and in postwar reconversion, and that his chances of turning his idea into a successful business are excellent.

Basically Stanley's plan is an improved model of what worked in 1942 at Chicago when it was handicapped with half-hearted support and war-agency office politics.

• **Simple Symbol**—To describe the job that the prime contractor wishes to have handled by an outside shop, the system starts with a symbol for each type and size of metalworking machine that will be needed on the job. Thus, the production task is translated into a series of symbols which represent the sequence of machines required for the successive operations. Along with the symbols are figures for the requisite tolerances and the per-

centage of the operation to be performed on each machine.

Also included in the listing are numbers and letters which show the number of units to be made on the contract, the time-study estimate of hours per unit, and the number of weeks across which the subcontractor may spread delivery.

• **Preliminary Bid**—Armed with this information, the prospective subcontractor can calculate his costs, his machine time, and how well the job balances with the idle machine capacity in his shop. He is asked to submit to the prime contractor a preliminary bid on each item he wishes to take on.

Titled "Contract Opportunities" (same name as used by its WPB-published predecessor), Stanley's first issue is dated Mar. 26, but actually was mailed on Mar. 16 to an undisclosed number of shops which had previously handled subcontracts successfully. It lists jobs that are to be subcontracted from Bell & Howell Co., Bendix Products Co., Cannon-Kocka Co., Chicago Metal Hose Corp., Electric Household

Utilities Corp., and International Harvester Co.

Numerous inquiries were received by the listed prime contractors. Wide variations appeared in the preliminary price estimates. One job, for example, brought quotations on hobbing machine time ranging from \$2 an hour on up.

Purchasing agents of course sent blueprints, with or without plant production men, to several shops offering the lower quotations. Several contracts appeared imminent within the first week after mailing. Next issue is scheduled for Apr. 9.

• **A 1% Commission**—Stanley is offering subscriptions for fortnightly issues of Contract Opportunities to interested prospective subcontractors at \$30 per half-year, \$50 per year. But he also requires that they sign up to pay him 1% of all money collected by them on contracts and renewals of contracts originally landed through his publication.

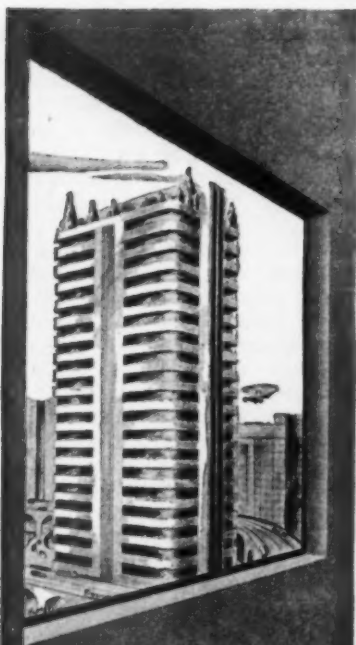
Prime contractors are offered free assistance in preparing their listings, and are not charged for the insertions. They are, however, required to notify Stanley's company of all payments made to subcontractors obtained through Contract Opportunities, and to report



## WOOD WASTE NO LONGER WASTE

Bulldozers shove mounds of sawdust toward the site of the nearly completed plant of the Willamette Valley Wood Chemical Co., Springfield, Ore., which will begin transforming the wood waste into ethyl alcohol sometime in July. Local lumbermen financed the \$2,250,000 project—said to be one of the largest of its kind in the world—through the Defense Plant Corp. At the start, the plant will consume 200 tons of sawdust daily to produce 10,000 to 12,500 gal. of ethyl alcohol by the Scholler-Tornesch process (BW—May 20'44, p5). Output is expected to increase ultimately but further research may prove that lignin and other derivatives of wood will have a greater value than the alcohol.





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In planning post-war construction, you can depend on Montgomery for assistance in designing and engineering an efficient vertical transportation system. This Montgomery designed system will usually be lower in initial cost, always dependable in service and most economical in operation and maintenance. Practically no major repairs have ever been required on the Montgomery Elevators installed in thousands of buildings.

Montgomery manufactures a complete line of passenger and freight elevators, electric dumb-waiters and special equipment for vertical transportation. If you are planning a specific project, Montgomery Elevator Company invites your inquiry regarding elevator requirements.

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**00005 ELECTRIC HOUSEHOLD UTILITIES CORP.**  
Hurley Machine Division  
54th Avenue & Cermak Road, Cicero, Illinois  
Telephone: Lawndale 0390  
Att. Mr. R. M. Richmond or Mr. R. Wiley

**00005** Immediate post-war production. These parts are for washing and ironing machines, and call for hobbbers, gear shapers and automatic screw machines. You may handle one or more items, in quantities to fit your capacity. Contractor supplies material.

Please calculate the load on each machine, using the hours per piece shown for each item and submit a preliminary bid, by items, based on these figures.

Item	Quantity	Hours Per Pc.	Ovr. Wks	Material	Machine Combination, Minimum Tolerances Percentages of Load, Size of Piece
1	50,000	.050	10	Cast Iron	EBC30 <sup>100</sup> 3x2 1/4
2	50,000	.082	10	Cast Iron	EBC30 <sup>51</sup> EDB30 <sup>49</sup> 6 1/2 x 2 1/2
3	50,000	.086	10	C1144	EBB30 <sup>75</sup> EDB30 <sup>25</sup> 1 3/8 x 2 5/8
4	50,000	.050	10	C1144	EBA30 <sup>100</sup> 1x3/4
5	400,000	.013	10	5/32 CRS	EBB20 <sup>100</sup> 1 3/4 x 5/32
6	50,000	.050	10	C1144	EBA20 <sup>50</sup> EDB20 <sup>50</sup> 5/8 x 4 3/8
7	50,000	.040	10	C1144	EBB30 <sup>100</sup> 1 1/8 x 7/8
8	50,000	.059	10	Bakelite	EBB20 <sup>100</sup> 1 3/4 x 5/16
9	50,000	.059	10	Bakelite	EBB20 <sup>100</sup> 1 3/4 x 5/16
10	50,000	.025	10	C1144	EDB20 <sup>100</sup> 1 7/8 x 1 3/8
11	150,000	.021	10	C1144	EDB20 <sup>100</sup> 3/4 x 5/8
12	50,000	.025	10	C1144	EDB20 <sup>100</sup> 3/4 x 1 1/2
13	50,000	.042	10	C1144	EDB20 <sup>100</sup> 3/4 x 1 1/8
14	100,000	.006	10	B1113	GWB50 <sup>100</sup> 1 1/8 x 3/8
15	200,000	.007	10	B1113	GWB50 <sup>100</sup> 3/8 x 3/8
16	50,000	.011	10	C1144	GXC30 <sup>100</sup> 3/4 x 1 1/8
17	200,000	.005	10	X1314	GXT40 <sup>100</sup> 1 1/2 x 7/8
18	50,000	.013	10	1112	GXC50 <sup>100</sup> 3/4 x 1

Apparent complications in a typical invitation to subcontract under the Stanley Plan become simplified when reference is made to a catalog of alphabetical symbols. "EBC" in Item 1 refers to the kind, type, and size of machine tool required—a 5x7-in., horizontal, universal gear hobber. "GWB" in Item 14 means a 1/2-in., single-spindle, horizontal, indexing screw machine. Thus Item 2, translated, calls for 50,000 cast-iron pieces which have been estimated to require 0.082 hr. of machine time each with deliveries spread over ten weeks. Of the work, 51% is to be done on a 5x7-in. hobber (i.e., EBC) at tolerances of 0.0030 in. and 49% goes to a 6 1/2 x 1-in., spur-gear shaper (EDB) at the same tolerances. Size of each piece in the rough is approximately 6 1/2 x 2 1/2 in.

on quality of performance. Sales arguments used to primes: This listing can be an extension of their own efforts to find subs; it saves the cost of sending out drawings and expeditors to long-shot job shops that lack the equipment needed.

• **Sales Promotion Fund**—Although he is making no representations on this score to subscribers, Stanley avows his intention to consider the 1% share of gross sales not as operating revenue, but

rather as a fund to be used exclusively for the solicitation and preparation of the "help wanted" advertisements in his paper, and for advertising promotion of the idea of subcontracting, particularly subcontracting through Contract Opportunities.

Contract Opportunities is thus far being sent out through three sizable industrial distributors, who do the job gratis as an extra service to their customers. These are: Syracuse (N. Y.)

supply Co.; Hardware & Supply Corp., Akron, Ohio; and Great Lakes Supply Corp., Chicago.

**Hot-Shot Services**—A supplementary service that Stanley is considering is a special bulletin for any manufacturer who has a really major list of subcontracting jobs to place. This would in effect constitute a special issue for which the eager prime would pay all costs of production and mailing, since it would contain no listings but his own. Also in the dream stage is a special cash service which would get a pre-print to a special mailing list if necessary, charging all costs to the prime.

## Warning Sounded

Members of Proprietary Assn. told research on value should precede marketing of new amino acid preparations.

Seeking to avoid future difficulties like those which followed in the wake of high-powered vitamin promotion, the Proprietary Assn. of America has been warning its members that the marketing of new amino acid preparations should be preceded by fundamental research.

• **Research Results Cited**—Recent medical and nutritional literature has underlined the importance of these protein constituents.

Now Dr. Frederick J. Cullen, P.A.'s executive vice-president, has directed attention to investigations which show that "the average American diet contains a sufficient amount of amino acids for normal daily metabolism." On the other hand, he points out that "it has not been definitely determined which of the amino acids are absolutely essential in the daily metabolism, nor is it known what quantities are essential." Lay use of amino acid products would seem to hinge on the answers to these questions.

• **Field Limited Now**—While the mineral constituents of vegetables will vary with soil conditions, it appears, said Dr. Cullen, "that protein substance . . . no matter what its source will consistently contain, and in relatively the same quantities, all the essential amino acids."

Dr. Cullen added that "it is rather well established that amino acids are unstable in the form in which they can be administered to the human, and some authorities question the possibility of preparing a stable amino acid preparation which can be administered orally."

For the time being the facts seem to indicate that the field for amino acid therapy is confined to patients who cannot consume a normal diet, as in post-



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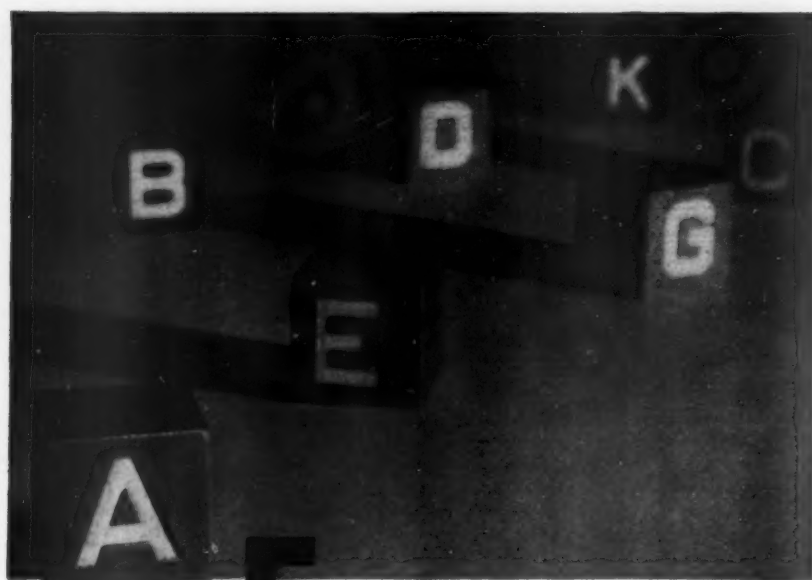
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☐ Have representative make appointment to discuss our needs.

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## **F**irst in the vitamin alphabet

**... and first in quality when  
produced by our molecular stills**

**A**mong the first of the vitamins to be discovered and to prove its usefulness as an adjunct to the human diet—

Vitamin A, nevertheless, has provided some painful headaches for users in the foods and pharmaceuticals industries. It did, until DPI perfected the molecular distillation process of concentrating vitamin A with its natural stable esters intact.

One difficulty was that vitamin A is basically a product of nature. Its most accessible commercial source is the liver oil of various fish, and the different fish liver oils differ widely in vitamin A potency. Also, the most desirable fish are not always willing to be caught on schedules planned by mere man.

The DPI molecular distillation process can provide high quality, high potency vitamin A concentrates even from low potency oils. Thus it helps to stabilize a naturally unstable industry.

This success of molecular distillation in processing vitamin A is challenging industrial chemists to experiment further with this revolutionary new tool. They are learning its usefulness in the processing of waxes, oils, and heavy chemicals, including many so-called "undistillable" substances. Molecular distillation may be of great value to you. We invite you to write for additional information.

### **DISTILLATION PRODUCTS, INC.**

*Pioneering High-Vacuum Research*

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operative conditions. There has been rapid growth in the production and use of amino acid parenterals—solutions for injection which supply protein nutrition in a more economical form than plasma.

• **Publicity Setup Revised**—The Pharmaceutical Assn.'s stand on amino acid products may or may not be typical of the material which is expected to come from its new "Office of Pharmacal Information." This authoritative-sounding name has been given to the association's public relations activities.

The announcement launching O.P.I. directed attention to the large percentage of doctors' prescriptions which recent drug trade surveys have shown are being filled with prepackaged or precompounded medicinals. The aim of O.P.I.'s news letters, press releases, etc., will be to cultivate the confidence of the lay public in packaged medicines by providing information on various classes of drugs used in home remedies, advances in research, improvements in factory control techniques, and the like.

## **For Stoker Rust**

Calcium chloride industry, having captured a big wartime place despite some complaints, plans to protect its market.

Calcium chloride has captured a nice market for dustproofing and freeze-proofing coal since WPB prohibited the use of oils and waxes for such purposes (BW-Jul.22'44,p84), and the Calcium Chloride Assn. doesn't propose to lose this advantage. The association is going to back its claims to superiority with research finding.

• **Claim and Counterclaim**—There have been complaints right along that coal treated with calcium chloride is hard on stoker screws. In fact, the Stoker Manufacturers Assn., in 1943, told stoker owners that corrosion is accelerated when hygroscopic salts are used to treat coal.

The Calcium Chloride Assn.'s program aims (1) to refute claims of corrosion, and (2) to promote use of their product. To carry on the campaign, they have appointed William A. Staab, mining engineer and former professor at West Virginia University.

• **Report on Findings**—Staab and the association maintain that corrosion is often concentrated in certain districts while calcium chloride apparently has no such effect in other areas. They argue further that some complaints, when tracked down, were about coal that hadn't been treated with calcium chloride at all. They are, in fact, in-



An "X-Ray" Picture of the  
CENTURY ELECTRIC  
*Hermetic Refrigeration Motor*

THE STATOR

THE ROTOR

**Quiet and Unseen, It Will Be Extremely  
Popular On Many Leading Post-War Air-  
Conditioning and Refrigeration Units**

**W**hen you buy an air-conditioning or frozen-food unit with an hermetically sealed compressor for your home or office after the war, you will be unable to see the motor at all.

Quietly and unseen, the Hermetic Motor will furnish the dependable power so necessary for air-conditioning comfort or effective food preservation.

Above we show a view of the motor's working parts. The Hermetic Refrigeration Motor has been reduced to just two simple, sealed-in parts — a stator and rotor — which you will hardly recognize as an electric motor.

Sealed-in motors are not new. They have been used on small refrigerators quite successfully. But on larger units for air conditioning and frozen foods, Century engineers had to overcome many obstacles.

For example, ordinary insulation on the motor windings of smaller units was not satisfactory for the larger motor windings.

Century Engineers were the first to recognize the need for and to develop a combination of magnet wire with a basic new electrical insulation, which made possible, several years ago, the first successful integral horsepower motor for hermetically sealed refrigeration compressors.

Many leading manufacturers of air-conditioning and frozen-food units — whose names are familiar to the American public — will use Century Hermetic Refrigeration Motors for their post-war products.

For top performance and dependability, you can always rely on any of the many types of Century Electric Motors, built in sizes 1/20 to 600 horsepower.

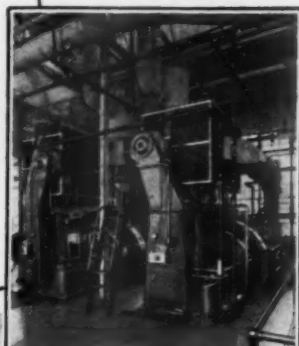


**CENTURY ELECTRIC COMPANY, 1806 Pine Street, St. Louis 3, Missouri**

*Offices and Stock Points in Principal Cities*

# POWER by SKINNER "UNIVERSAL UNAFLOW" STEAM ENGINES for the Trenton Works of

AMERICAN  
RADIATOR & Standard  
Sanitary  
RADIATOR CORPORATION



Engines Room of the Trenton Works, showing the two 200-hp. Vertical "Universal Unaflow" Units. The 400-hp. Horizontal, at the right of these two, could not be shown in picture.

**T**HE Trenton Works of the American Radiator & Standard Sanitary Corporation is a landmark to travelers on the Pennsylvania Railroad between New York and Philadelphia. It was originally the plant of the Thomas Maddock's Sons Company. In 1929 the plant and business were purchased, and in 1940 it was necessary to double the size of the plant.

This big pottery, producing "Standard" Vitreous Plumbing Fixtures, covers 597,450 sq. ft. It is the last word in efficiency. Raw materials are delivered at one end of the plant and, in a continuous flow through pug mills and tunnel kilns, come out at the other end ready to be loaded on the cars for shipment to all points of the compass.

In 1925 two Skinner Horizontal "Universal Unaflow" Steam Engines, of 400-kw. and 200-kw. capacity, were installed in the original Maddock's plant. The enlarged plant naturally required more power, and also, naturally, two new 500-kw. Skinner "Universal Unaflow" Engines, two-cylinder vertical type, were selected to do the job. The 400-kw. engine has been retained for reserve power, while the 200-kw. is still functioning efficiently for another owner.

Our associations with the companies now embodied in the great "American-Standard" Corporation extend back well toward the last century. Today six Skinner "Universal Unaflow" Engines are furnishing power in four of their plants: at Trenton, N. J.; Bayonne, N. J.; Elyria, Ohio; and Litchfield, Ill.

This is another illustration of the fact that "Universal Unaflow" Engines make friends—and keep them.

## Some Users of "UNIVERSAL UNAFLOW" ENGINES

Hotels, Clubs  
Schools and Colleges  
Hospitals, Homes  
Public Institutions  
Department Stores  
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Food Products  
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Mining  
Chemical, Ordnance  
Drugs and Soaps  
Machinery Mfrs.  
Textiles  
Leather Products  
Furniture & Woodworking  
Cotton Oil Mills, Gins  
Municipal Water & Electric Plants

Printing Publishing  
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Laundries, Cleaners  
Oil Refineries  
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Do More Than Before—Buy EXTRA War Bonds



For Over 75 Years, Doing One Thing Well—Building Steam Engines

SKINNER ENGINE COMPANY, ERIE, PA.

clined to blame the acid content in some coals and stoker design which does not keep the screw housing cool enough to prevent condensation of hydrochloric acid.

Staab, therefore, is working with stoker manufacturers to determine exactly which influences are responsible for corrosion. Later on he plans to go to dealers, perhaps even to homes where consumer complaints have originated.

• **Another Use Studied**—More immediately, however, he is examining the problems and advantages of freezeproofing coal for rail shipment and siding storage with calcium chloride. The cold winter has made an ideal laboratory for such study.

Freezeproofing is coming into enlarged use. Some big industrial firms are finding it necessary to treat coal this way, or to order mines to do so, in order to cut unloading time. Up to 16 hours has been required in some cases recently to empty a car of coal, rather than the customary hour or so, and then it was possible only by building fires under cars or using heavy mauls. Calcium chloride freezeproofing defies Jack Frost, its advocates declare.

• **Protection Against Wind**—This same kind of treatment reduces wind loss in granular fuel used in industrial furnaces. One firm found, the C.C.A. reported, that "windage" was causing it to lose around 2,000 tons of coal annually.

Probably 50,000 tons or more of calcium chloride go into coal treatment annually (10 lb. per ton as a maximum). Staab's job is to safeguard and expand this market.

## EVERYBODY'S KAISER

Whatever other postwar lines Henry J. Kaiser may be laying, it is clear that he is reinforcing the engineering foundations upon which the performance records of his wartime enterprises were built.

This was implicit in his recent announcement of an addition to the cluster of companies which bear his name—this one to be known as Kaiser Engineers, Inc., with headquarters in Oakland, Calif.

Kaiser Engineers will tackle anything, anywhere, anytime, for anybody. The firm is staffed by 200 engineers associated with Kaiser in such enterprises as his shipyards, the Fontana (Calif.) steel mill, and the Boulder, Grand Coulee, and Bonneville dams.

Plans are to dispatch a team of engineering "brains" to the site of a project. Staff men in Oakland will help to correlate and process their findings.

Kaiser himself heads the firm, but Gene Trefethen, his energetic young lieutenant, is the operating chief.

# he glass that smells the enemy!



IT'S one of the simplest and most innocent looking tools of war you'll ever see. But its job is a terrific one if our enemies ever decide to use poison gas.

For this little glass tube, not as long as a match stick, is part of a gas-detection kit. It is filled with gas-sensitive material and sealed in a tiny lead envelope. When gas is suspected, the soldier rips open the envelope, and by a simple process is not only able to detect the presence of gas but, also, by using several tubes, can determine quickly the particular type of gas being used.

These little tubes . . . and Corning has made millions of them . . . must meet rigid specifications on size. Must be transparent so they give their message quickly and, con-

sequently, must be made of glass that can't be turned cloudy by the corrosive chemicals used in the tubes.

This is just one of thousands of items Corning makes that directly or indirectly serve our armed forces. Many uses to which Corning has put glass in this war are not extraordinary. But many are . . . such as glass instrument bearings in planes, non-corroding glass pumps, quick-break gas line connections to facilitate the dropping of airplane "belly tanks" after they are emptied.

Corning is able to help in the war because its hundreds of research people are backed by over three-quarters of a century of experience in the hands of glassworkers who understand the pos-

sibilities of this wonderfully versatile material. Maybe you can turn some of this knowledge and skill to a profit when your peacetime plans reach the blueprint stage. Corning Glass Works, Dept. 54-B, Corning, New York.

**CORNING**  
—means—  
**Research in Glass**



# NEW PRODUCTS

## Centerless Thread Grinder

The new Landis Centerless Thread Grinder is being introduced by the Landis Tool Co., Waynesboro, Pa., after a full year of test on actual job work. It is reported to have ground precision threads on hardened steel work ranging from short 1/4-in. socket screws and 5-in. rings to variously diameters screws in lengths up to 12 in. at



speeds "from four to ten times faster than the present production rate." Thread pitches have thus far ranged from 11 to 40.

Key to the increased speed is said to be the "centerless principle by which the previously hardened screw blanks or other parts to be threaded are fed into and expelled by the machine continuously. Previous methods employed intermittent feeding." Key to increased accuracy is a "multiple-grooved grinding wheel which provides a perfect thread form, as well as great uniformity, as long as the final groove remains perfect. Previous methods . . . usually needed frequent redressing or renewal." Threads made by the new grinder "meet the No. 3-fit standard set up for precision work in the aircraft industry. The sides of the threads are smooth and straight. Lead error has been reduced to 0.0005 in. an inch."

Work introduced to the grinder by hand or automatic feed revolves freely, but without end motion, between a pair of "side blades" and atop a work rest while a rubber-bonded regulating wheel holds the work against the grinding wheel. Only occasional spot checking is said to be "necessary to determine when to redress the grinding wheel, since the deterioration of the wheel is so gradual that no appreciable change occurs in the product. On some jobs

the grinder can be run for a day or longer without redressing the wheel. Recrushing to renew the form of the wheel requires only 10 to 12 min."

## Waterproof Instruments

Needs of the armed forces for smaller, more compact, and more weather-resistant equipment for their communication and electronic devices promise to be met by a new line of 1 1/2-in. Electric Indicating Panel Instruments now being brought out by the General Electric Co., Schenectady 5, N. Y. Two forms are available: a watertight design (above) which is said to prove its "resistance to moisture and



leakage when submerged in 30 ft. of water for 24 hr." and a conventional design (below) for "use in aircraft or for other services where the instrument will be protected from the elements."

Both types, which have the same basic design utilizing an internal-pivot element combined with a permanent-magnet moving-coil construction, are available in nearly all ratings for direct-current, radio-frequency, and audio-frequency measurements. Either type is said to "withstand vibration tests specified in American War Standard ASA Specification C-39.2-1944."

## Hard Surfacers

Back in 1930, the Fansteel Metallurgical Corp., North Chicago, Ill., added tantalum carbide to the basic tungsten carbide of hard carbide cutting tools and gave them a self-lubricating property that opened the way to their use in machining steel by minimizing the destructive effects of friction at elevated temperatures. Now the cor-

poration is bringing out a new ferrous hard-facing metal consisting of tantalum-columbian carbide with self-lubricating properties under the name of Fanweld.

It comes in the form of 14-in. of 3/16-in. and 1/4-in. welding application with an oxyacetylene to hot-work punches, dies, tools, other components requiring hardening surfaces. It is said to "wet" surfaces "readily without the use of flux, flowing smoothly and evenly faces as thin as 0.010 in. can be applied with a fusion layer as thin as 0.001 in. No hardening or heat-treating operations are necessary." Surfaces show "resistance to heat, impact, and ero-

## THINGS TO COME

Restaurants of the near future will be equipped with wobble-free four-legged tables that promise to be as stable and immune to rocking as any tripod, no matter how uneven the floors. Gone will be the waiter's chore of shimming a short leg with a folded menu or a book of matches.

There is an automatic stabilizer under development that can be built into practically any kind of furniture—office desks and adding machine stands as well as home davenports and console radios. It consists essentially of two vertical slidable rods, one mounted inside each of two legs on a given item and interconnected at their top ends by two bell cranks and a horizontal rod, or more simply and expensively by a flexible push-pull shaft. The vertical rods, which will protrude imperceptibly from the bottoms of the legs, will be in a kind of balance with each other, one of them moving down automatically to reach a low spot in a floor when the other is pushed up by a high spot.

- Growers of choice fresh fruits and vegetables will soon wrap them individually as a matter of course in vapor-resistant sheathings of plastic or metal to preserve their freshness for the consumer. Smart growers will go a step farther by printing on each wrapper a certification of the fact that his products have been grown on land fertilized to standards recommended by government agronomists—thus providing assurance that nutrient values match freshness and attracting the custom of informed food buyers.



Yesterday's headlines...

explain why

your present tires must do

The tire shortage is more serious today than at any time since the beginning of the war. To understand why... you need only look at the headlines on the course of the war. On all fronts, it has long been going at a breathtaking pace.

The unexpected speed of our drive to Victory is not without its price. It means that the military machine is eating up tires at a terrific rate... much faster than had been expected.

Consequently, all programs connected with tire procurement have had to be sharply increased. This includes Rayon tire cord, the use of which is essential in military tires. Production is being raised to 20,000,000 pounds a

month... more than double the 1944 rate of output. The American Viscose Corporation will supply nearly 50% of this need.

Close and effective cooperation between government officials, tire manufacturers, and rubber and tire cord producers is assuring that these increased demands will be successfully met. But it takes time to put such a vast, stepped-up program into effect.

Therefore, the time when you can have new tires has had to be indefinitely postponed. This means it is now more important than ever for you to observe tire conservation measures... so that your car may continue to serve you, and your country.

## AMERICAN VISCOSE CORPORATION

*Producer of CROWN\* Rayon Yarns and Staple Fibers*

*Sales Offices: 350 Fifth Avenue, New York 1; Providence, R. I.; Charlotte, N. C.; Philadelphia, Pa.*

*Plants at: Marcus Hook, Pa.; Roanoke, Va.; Parkersburg, W. Va.; Lewistown, Pa.; Meadville, Pa.; Nitro, W. Va.; Front Royal, Va.*

*A better way to  
buy Rayon Fabrics*



This identification is awarded only to fabrics containing CROWN\* rayon, after they have passed the CROWN Tests for serviceability.

## 14 Billion Again

**Seventh War Loan drive to concentrate on individuals. New offerings are included in group of marketable bonds.**

The formal phase of the Seventh War Loan drive is now scheduled to get under way on May 14. In the Treasury's new campaign for funds to pay war costs, active selling will continue through June 30, or for seven weeks compared with four weeks in most of the earlier drives.

• **Quota the Same**—The over-all sales target hasn't been raised. It remains \$14,000,000,000, the quota of the sixth campaign of last November and December, despite the fact that bond subscriptions then soared to \$21,600,000,000, a new all-time high in government financing.

The Seventh War Loan, however, will have the biggest quota of all the Treasury's war financing operations to date as far as sales to individual investors are concerned. The goal is \$7,000,000,000 of subscriptions, 50% of the entire quota.

• **More for Individuals**—This target is 40% more than the \$5,000,000,000 quota assigned to individuals in the sixth campaign. The goal covering sales of Series E savings bonds alone, \$2,000,000,000 previously, has been upped to \$4,000,000,000.

To achieve the high goals for individual bond purchases, the Treasury plans to push the work of the volunteer sales groups.

• **An Early Start**—The Treasury is well aware of the task ahead. To help out, therefore, it is doing something it has never tried before—an extra-early intensification drive for the sale of the various issues of savings bonds.

The volunteer sales teams, concentrating their efforts particularly on E bonds, will start the ball rolling as early as Apr. 9.

Persons buying bonds regularly through the payroll deduction plan will be urged to step up the normal rate of their purchases between Apr. 9 and July 7. Moreover, all sales of Series E, F, and G savings bonds and the Series C savings notes processed in those 13 weeks will be credited to the campaign totals.

• **Marketable Bonds**—Besides the customary savings bonds and notes, the

Treasury will offer for sale the usual "basket" of marketable securities. The latter will include, as was the case with the sixth loan, 2½% bonds and the familiar ½% certificates of indebtedness.

The 1½% notes due in 1947 and the popular 2% bonds of 1952-54, which formed part of the sixth loan campaign, however, will be missing. The Treasury, instead, will substitute a new 1½% bond for the old 2s and the basket will also include this time new 2½s.

The 2½s and 2½s can't be owned by any commercial bank (banks accepting demand deposits) until ten years before their maturity and in the coming drive they will be available for purchase only by savings banks, life insurance companies, and all other nonbanking investors.

• **Different Schedules**—Purchases of the ½% certificates will be restricted to corporations and individuals while the drive is under way though they carry no ownership restrictions once the campaign has ended. Neither banks nor private corporations can buy the new 1½s while

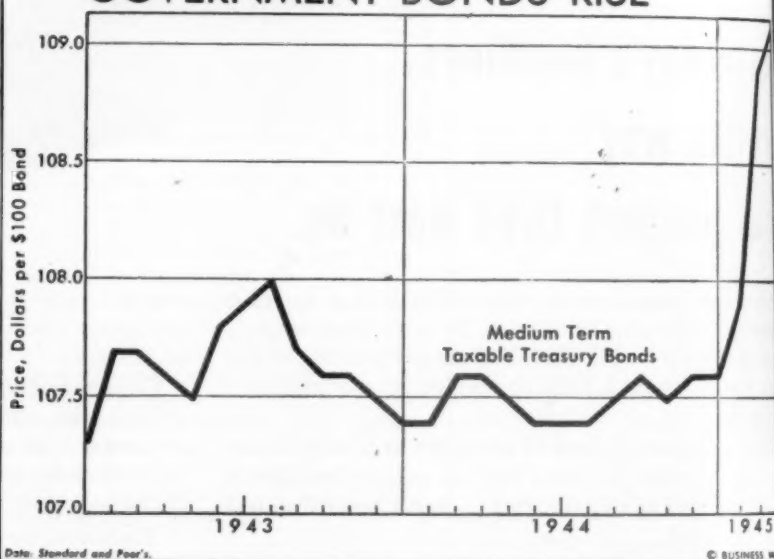
the campaign lasts. However, they can when the drive is over and commercial banks can also invest 10% of their savings accounts, up to \$500,000, in issue or in the ½% certificates and G savings bonds, though such purchases won't be counted in the campaign totals.

While all savings bonds and notes sold between Apr. 9 and July 7 will be credited to drive totals, the Treasury has set up a different time schedule to cover other sales. Subscriptions by nonbank investors, such as savings banks, insurance companies, and corporations, for example, will be received only in the June 18-30 period. Commercial banks using their rights to invest in their savings deposits in the new drive must likewise enter subscriptions during this period.

Individuals, on the other hand, can subscribe to the new offerings at any time between May 14 and June 30, besides swelling seventh loan savings bond totals via the payroll deduction method between Apr. 9 and July 7.

• **Deferred Payment**—The Treasury isn't overlooking any opportunities to divert surplus funds into bonds during the coming drive. Insurance companies, savings banks, states, municipalities and other similar public corporations

## GOVERNMENT BONDS RISE

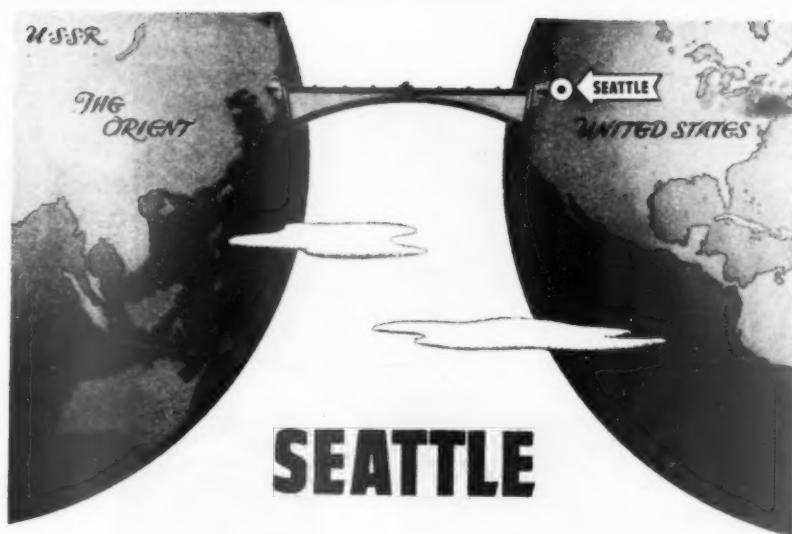


Fear that a U.S. Treasury move to cut bond interest might be forecast by Great Britain's action in substituting new 1½% bonds (1950) for the 2½s (1952-54)—formerly its main reliance in financing war costs—is the factor responsible for the recent sharp rise in Treasury issues. Such apprehensions stimulated not only a demand for bonds but also a reluctance to sell such holdings. That this development actually brought on the very condition that was feared is evidenced by the changed "basket" of marketable issues to be offered in the Seventh War Loan drive. Maturity details just released indicate a decline in interest rates, compared with the sixth loan campaign.



ever, there be permitted to invest funds that usually may not be available till later. Such buyers may make deferred payments for any 2 1/2% and 2 1/4% issues allotted to them up to Aug. 31. There will be only two war loan drives in 1945, compared with 1944's three. The Treasury says that this is the main reason for setting up record-breaking quotas for individual purchases in the coming drive, since it is vitally necessary to secure just as large a part of this year's excess earnings as was phased off in 1944. Meeting the seventh drive quotas, according to a Treasury spokesman, shouldn't prove too difficult a task, since "income of the American people in the first six months of 1945 is expected to be fully as large, if not larger, than ever before."

**Hits at Speculation**—Treasury Secretary Henry Morgenthau, however, wants only surplus and other available cash of individuals, insurance companies, and corporations in the forthcoming drive, and not any speculative funds. Sixth loan totals, he reports, were greatly swollen by speculative purchases, particularly in the 2% bonds, and this is one reason for the changes made in the seventh loan. To eliminate completely such speculative buying in the new drive, Morgenthau



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"The largest of many excellent banks in the Northwest" provides special facilities for those interested in any part of the Pacific Rim.

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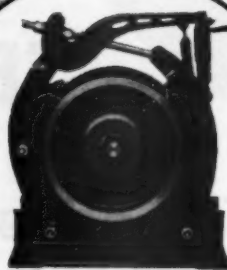
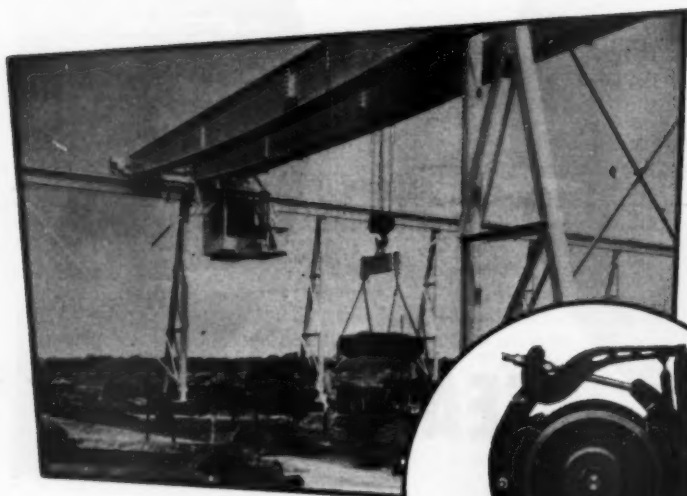


**SEATTLE-FIRST NATIONAL BANK**

Main Office — Seattle  
Spokane and Eastern Division — Spokane



Joseph Reichart (left) and Ralph Sinclair of Ruthrauff & Ryan, advertising agency, compare the rallying symbol of the Seventh War Loan with the famous Associated Press photograph of the Iwo Jima flag-raising from which Reichart and Sinclair developed the poster. The agency is one of six producing for the War Advertising Council the high-pressure display copy for magazines, newspapers, radio, and other media to publicize the new \$14,000,000,000 drive.



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The operator of the overhead crane, shown above, knows how much it means to realize that he can depend upon his Wagner brake to stop the crane quickly and safely

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This excellent reputation for dependability applies to the complete Wagner line which includes electric motors, transformers, unit substations, industrial brakes, air brakes, hydraulic brakes, brake lining, and Tachographs (recording speedometers).

For details on any Wagner item, consult nearest of our 29 branch offices, or write us.

## Wagner Electric Corporation

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ELECTRICAL AND AUTOMOTIVE PRODUCTS

thau has been deliberately withholding maturity details on the marketable bonds to be offered. Not until this week did the Treasury announce that the new 1½s would be 5½-year obligations due Dec. 15, 1950; that the 2½s would be first callable in 1967 and mature in 1972, and that the 2½s would be due in 1962 and first callable in 1959.

This procedure of delaying details has been particularly effective, Morgenthau reports, in discouraging the sale by insurance companies of existing government holdings at premium prices to increase purchases of new bonds at par, a practice frowned on by the Treasury.

• **Ban on "Free Riders"**—Banks are being warned against (1) making loans at low rates and on small margin requirements to "free riders" (those who buy new issues at par with the sole idea of selling them at a premium soon after the drive ends); (2) financing individual purchases of bonds banks can't buy with the understanding that the loaning institution will later take them over; and (3) acquiring, or causing to be sold, previously held government issues of clients with the understanding that the seller will use the proceeds of such sales to subscribe for new issues through the bank and thus create for the latter additional war loan deposit balances.

Because the Treasury withheld seventh loan maturity details so long, the government bond market, previously very active and showing a persistent up-trend, has lately been evidencing much less activity and much more stability.

### FLOOD WALL BONDS

Sale of \$1,500,000 in flood wall bonds was authorized at Louisville last week by the Board of Aldermen, and the issue is expected to be on the market by May 1. Interest begins on that date, with the serial bonds running for 25 years. The interest rate, Stanley Beekhart of the aldermanic finance committee said, is expected to be about 1½%.

An ordinance authorizing sale of the bonds was approved by aldermen conferees meeting with John Pershing of the New York law firm of Masslich & Mitchell, city adviser on the issue.

The bonds will be the first serial maturity bonds ever issued by Louisville. Previous bond issues have been non-callable 30- or 40-year debentures on which interest charges mount steadily. Starting in 1946, some of the flood wall bonds will mature every year for 25 years. The total of bonds being paid off will increase from \$45,000 the first year to \$75,000 in the final year.

Route of the wall along the Ohio River hasn't been finally determined and whether all rights-of-way can be pur-

phased with the \$1,500,000 is not known. However, Mayor Wilson W. Wyatt said if that sum turns out to be more than is needed, the balance can be used for construction of interceptor sewers and flood wall pumps. The city still can issue \$1,000,000 more in bonds for this purpose as authorized in a 1940 election.

## Out of Banking

G.M. prepares to withdraw from Detroit institution which it founded in 1933. Group will offer stock to the public.

As previously rumored in banking circles, General Motors Corp. made it known this week that it intends to retire from the banking business in Detroit. Board Chairman Alfred P. Sloan, Jr., has announced that the company now has under way negotiations involving the disposal of its entire remaining interest in the stock of the National Bank of Detroit, the largest bank in that city and also the nation's thirteenth largest banking institution.

• **The Exigencies of 1933**—General Motors' original entrance into the banking business wasn't intentional. It dates back to the dark days of 1933, when the city of Detroit was suddenly bereft of banking facilities. At the request of the government, the company promptly organized the National Bank of Detroit, subscribing \$12,500,000 for its entire common stock, and selling the Reconstruction Finance Corp. an additional \$12,500,000 of the preferred shares.

The company has always regarded this investment as purely of a temporary character, undertaken as an emergency measure to help the city at a time of distress. As a result, it long ago offered to sell any part of its holdings at cost, and soon after the bank's inception reduced its investment in the institution to around \$9,720,000.

• **A Setting for Retirement**—Subsequent sales have cut down its holdings to around the \$6,375,000-level, or approximately 510,000 shares, and the bank's present solid position appears to the corporation to provide a proper setting for its retirement from a field so foreign to its normal scope of business.

The National Bank of Detroit is strengthening its capital position by sale of an additional 250,000 shares of common stock to stockholders for \$10,000,000. General Motors is planning to sell its stock and rights to subscribe for the new shares to an investment banking group which will subsequently offer them publicly.

*This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.*

75,000 Shares

## The Flintkote Company

\$4 Cumulative Preferred Stock

(Without par value)

Price \$107 per Share

(plus accrued dividends from March 15, 1945 to date of delivery)

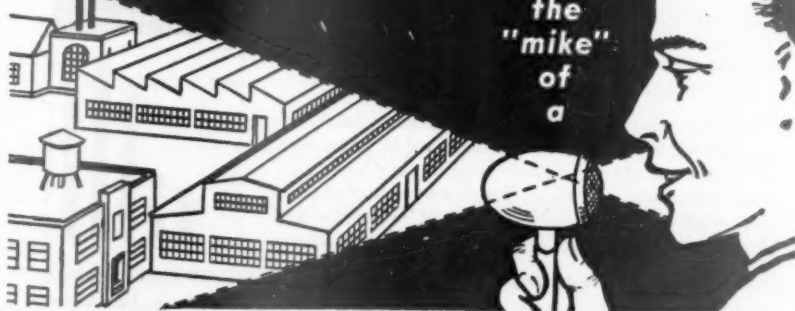
*Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.*

## LEHMAN BROTHERS

March 29, 1945.

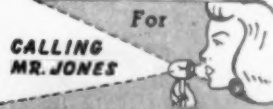
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## Easy Sailing Now...but there may be Rough Going Ahead

**L**OOK at the accompanying chart . . . which shows how failures multiplied after World War I. In three years . . . from the 1919 level . . . the number of commercial and industrial failures jumped 267%. Current liabilities involved jumped 450%.

Will history repeat? Will failures multiply again? No one knows. Even now . . . upsets caused by unforeseen developments after goods are shipped may leave customers frozen . . . or worse. That's why manufacturers and wholesalers in over 150 lines of business carry American Credit Insurance . . . and why you need it too.

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## American Credit Insurance

*Pays You When  
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PRESIDENT

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

## New-Issue Surge

March financing operations achieve brisk tempo, and a few slow movers fail to dim prospect of record offerings in April.

In the new issues underwriting field, March went out like a lion. Stimulated by the nearness now of the Seventh War Loan drive (page 70), corporate bond financing last week shot up to well beyond the \$120,000,000-level, a new weekly high water mark since mid-January.

The month as a whole, if all state, municipal, corporate, and other bond offerings are counted, also provides investment bankers with their busiest March since as far back as 1936.

• **Record Quarter Since '37**—In the first quarter of 1945, as a result of the March spurt, all new bond offerings rose to almost \$912,000,000, compared with only \$289,000,000 in the same 1944 months, and proved the largest January-March total on record since 1937.

In contrast, stock financing operations came to but \$82,577,000 in the first quarter, well under the almost \$100,000,000 of new equity issues sold in the same 1944 period. Last month, however, such offerings ran well above previous March levels of the past few years. Wall Street expects preferred stock financing particularly to expand considerably from here on.

Most March financing operations, despite the low yield basis at which most issues (even some of normally second-grade caliber) were sold, went right out the window and quickly brought premiums above the offering price in over-the-counter trading.

• **Some Slower Movers**—Not all the issues were similar fast-movers, however. According to Street reports, much of last week's offering of \$80,000,000 Pacific Gas & Electric Co. first mortgage 3% bonds due in 1979 (priced at 107½% of par) and the earlier March offerings of \$19,000,000 Laclede Gas Light Co. 3½% bonds (priced at 102¼%) and 40,000 shares of Florida Power Corp. 4% \$100-par preferred (priced at \$101.25) still remains unsold.

Until this latest financing, Pacific Gas & Electric had always arranged the terms of its new security offerings with Blyth & Co., its traditional bankers, on a negotiated basis. However, on this occasion, Halsey, Stuart & Co., the La Salle and Wall Street enfant terrible (to proponents of negotiated deals), stepped into the picture. It soon upset, as was the case last year in a Brooklyn Union Gas financing deal (BW—Aug. 12'44,

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*This picture from Leslie's Weekly depicts an 1861 Express van being loaded with war materials. In those days this vehicle was considered a mammoth advance in efficiency.*

# READY

## When The Nation Calls

Throughout American history when a real need arose, a man or an organization has been ready to cope with it. Express shipping is an organized service originated 106 years ago to meet the demands of those times. Since then, through peace and war, Express has promptly adopted every scientific advance so as to be ready for the nation's changing shipping needs.

Today the major part of the unprecedented volume of Express, both by rail and air, is connected with the war effort. This wartime transportation experience and new handling techniques will aid in the nation's postwar commercial shipping needs.

BUY MORE

WAR BONDS



NATION-WIDE

RAIL-AIR SERVICE

any chance of a Pacific Gas & Electric Blyth & Co. negotiated deal in respect to the new \$80,000,000 of financing.

**Competitive Bidding**—Halsey, Stuart & Co. is by demanding that the issue be sold at competitive bidding. This demand was accompanied also by a firm offer for the issue of 3s at a price of 100% of par and an offer to resell the bonds back to the utility at that price if the market should better this bid.

The house of Halsey, Stuart was soon informed by an opportune U. S. Supreme Court decision declaring Pacific Gas & Electric a subsidiary of the North American Co., because of the latter's 75% ownership but nonetheless hefty holdings of its shares, and thus—as part of an interstate operation—subject to the Securities & Exchange Commission's competitive bidding rule. The California Railroad Commission subsequently conceded this position and the bonds went to the auction block.

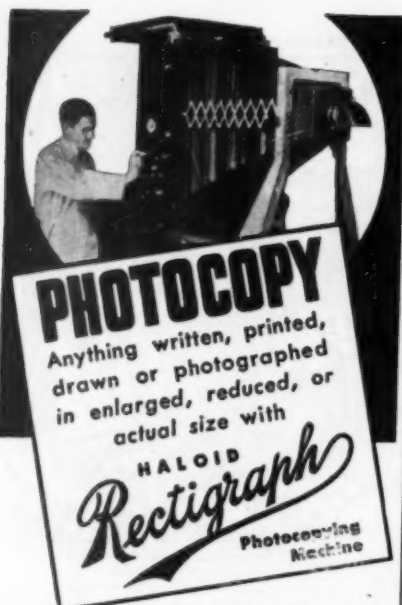
**North Group Wins Issue**—When the bids were opened, a group headed by Halsey, Stuart & Co. won the issue at a price of 100.79% of par for 3s and a Halsey, Stuart syndicate was next, also for 3s, at a bid of 106.14%.

The bonds were immediately reoffered publicly at a price just about 5% above their cost to the Blyth & Co. syndicate, an almost record low "spread." However, the high bid necessary forced the offering at about the same price which other Pacific Gas & Electric bonds were already available on the Big Board, instead of "under the market," and the operation has since been a sell-off job. Banks and insurance companies have been the big buyers thus far, placing the bonds retired by the reoffering, but reports late last week indicated some \$30,000,000 to \$40,000,000 remained unsold.

**Slow progress of the Laclede Gas and the Florida Power preferred securities** caused discussion in the Street as to whether those securities had not been priced higher than their intrinsic value warranted.

**Wall Street's Attitude**—Some Wall Streeters haven't liked the way the securities involved in these three operations have "backed up." However, the Street, as a whole, doesn't appear worried. Neither do the corporations now engaged in flooding the Securities & Exchange Commission with new issues for registration, or the railroads asking Interstate Commerce Commission approval for refunding operations. Some underwriting quarters, in fact, see a chance of April offerings almost equaling last October's record-breaking \$600,000,000 total.

Almost certain candidates, barring the unexpected, for April offering, according to



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## 1944 Earnings of Companies on Big Board

Reports on the 1944 earnings of 401 companies whose common shares are listed on the New York Stock Exchange were available this week.

Analysts seeking a clear-cut composite picture of business ups and downs found that the sampling left much to be desired. For one thing, more than half of the listed corporations (including some of the nation's largest industrial units) had not yet reported. For another, the roundup was weighted by the fact that the railroads had been prompt to report their sharply lower 1944 profits.

Compiled on an industry-by-industry basis, however, as was done by The Exchange (Big Board monthly), the reports show these results:

Industry	Number of Reports	Showing Net Income	Gains Shown (1944 vs. 1943)	Total Net Income Reported	% Change (1944 vs. 1943)
Amusement ..	4	4	2	\$26,710,000	-0.2
Automotive ..	24	24	15	60,171,000	+6.9
Aviation ..	4	4	4	30,035,000	+20.4
Building ..	13	9	7	18,478,000	-6.2
Business & Office Equip.	6	6	2	13,262,000	+9.1
Chemical ..	29	29	11	91,032,000	-4.6
Electrical Equipment ...	7	7	4	83,440,000	+15.7
Farm Machinery .....	5	5	5	47,612,000	+4.3
Financial ..	9	9	5	27,643,000	-3.8
Food ..	28	28	9	157,239,000	+2.5
Garment Manufacturers..	5	5	1	4,255,000	-7.3
Leather ..	9	9	1	12,933,000	-9.5
Machinery & Metal.....	44	44	18	84,346,000	+0.2
Mining ..	15	14	6	54,176,000	-11.0
Paper & Publishing.....	13	13	8	22,655,000	-1.1
Petroleum ..	13	13	10	89,939,000	+16.8
Railroad ..	50	49	11	514,924,000	-22.0
Retail Merchandising ...	23	23	16	66,154,000	+5.2
Rubber ..	5	5	5	46,551,000	+7.0
Steel ..	26	26	5	175,708,000	-3.6
Textile ..	17	17	6	29,825,000	+2.3
Tobacco ..	8	8	1	60,650,000	-7.2
Utilities ..	25	25	12	373,686,000	-1.3
Foreign Companies.....	5	5	2	9,572,000	+2.4
Other companies ...	14	14	6	26,461,000	-10.0
All Companies .....	401	395	172	\$2,127,457,000	-6.0

Wall Street, are such large issues as:

\$84,000,000 Reading Co. bonds.  
\$74,000,000 Erie R. R. bonds.  
\$60,000,000 Virginian Ry. bonds.  
\$54,000,000 Chicago & Northwest-  
ern Ry. bonds.

\$50,000,000 New York Power &  
Light bonds.

\$26,000,000 Ohio Edison Co. bonds.

\$18,000,000 Texas Electric Service  
bonds.

\$15,000,000 May Department Stores  
Co. preferred stock.

\$10,000,000 Montana-Dakota Utili-  
ties Co. bonds.

By late April or early May Wall  
Streeters expect to see such additional  
big offerings as:

\$59,000,000 Virginia Electric &  
Power Co. bonds.

\$58,000,000 New York, Chicago &  
St. Louis R. R. bonds.

\$50,000,000 Tennessee Gas & Trans-  
mission Corp. bonds and preferred  
stock.

\$41,000,000 Texas & Pacific R.  
bonds.  
\$30,000,000 Deere & Co. bonds and  
notes.

### \$8,591,660 FOR A "THE"

The Peoples Gas Light & Coke Co. has saved—and the city of Chicago has lost—a little matter of \$8,591,660, because of the difference between the definite article "the" and the indefinite article "a."

The city sued in Cook County Circuit Court for that sum, plus interest as due between 1931 and 1941 on 5% sales tax provided in an ordinance adopted in 1906. The company argued, successfully, that the ordinance read "the 5% tax," not "a 5% tax," and that the word "the" particularized the statement as referring to a franchise which expired in 1916, whereas an "a" would have had general application. The city will appeal.



## Shock for Veterans

"High and fancy" ideas which many servicemen have developed about pay will present a problem in the readjustment period, in the opinion of the War Manpower Commission. This will apply particularly to the thousands of younger men who have risen to commissions or high noncommissioned ranks.

• First signs of the trouble ahead already are being seen in WMC offices. Recently an Army Air Force lieutenant colonel, 26 years old, was discharged and went by to see about getting his old job back. Before the war he had been receiving \$35 on the staff of a newspaper. Just out of college, he had considered that good pay.

The old job was waiting for him, and the boss upped the pay to \$45, but the former officer was bitterly disappointed. He had been drawing \$7,200 a year, and the drop to the offered \$2,340 a year looked pretty steep.

• WMC has found the same situation with noncommissioned officers. An example: A discharged staff sergeant who before the war had earned \$10 a week after high school now is disillusioned and bitter because he cannot find a job with comparable pay to his army pay of \$163 a month, plus clothes and maintenance adding another \$125.

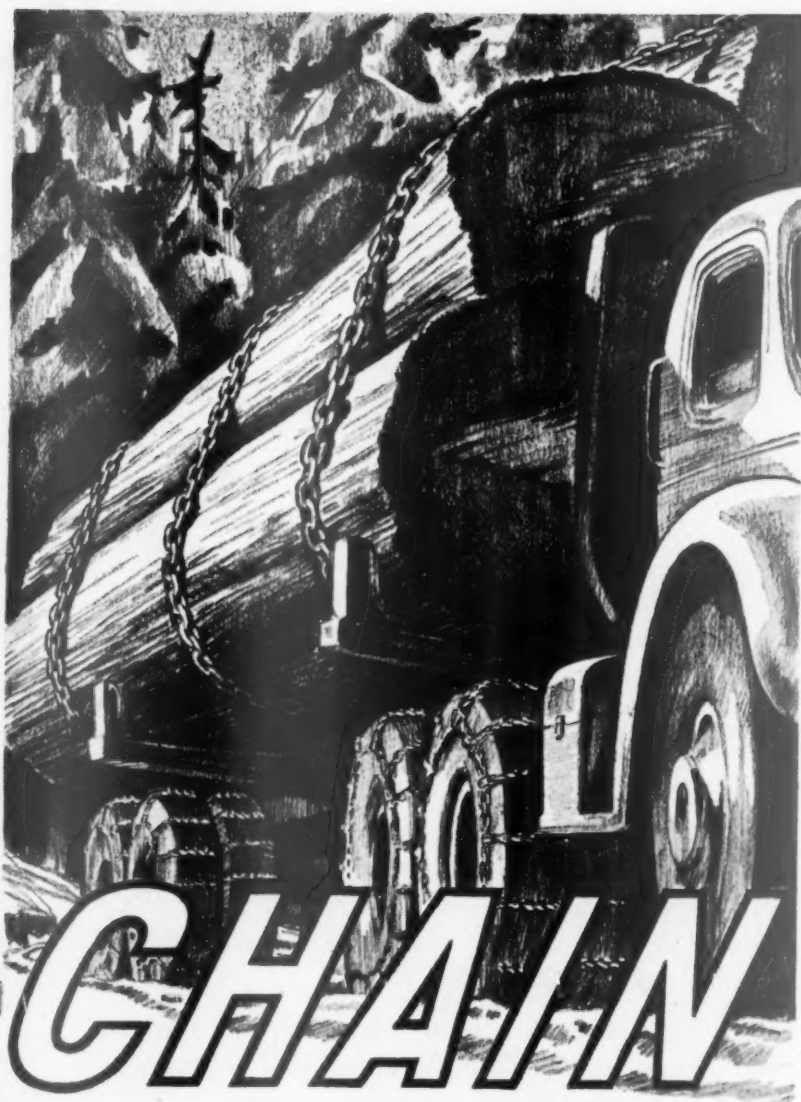
600,000 were placed. These, USES said, were veterans not previously employed, or veterans dissatisfied with former jobs.

Of the 77,735, manufacturing jobs (higher pay) attracted 45,846 veterans. Service jobs attracted 5,172, and other veterans were spread out among a variety of other jobs.

• Some Seek Training—USES referred 2,446 veterans to state vocational rehabilitation services, 2,388 to training agencies. Most of these were planning to take training courses with definite jobs in sight. For some it was a case of converting to peacetime use training received while in Army or Navy.

Generally, however, there is a belief in WMC that ex-servicemen have no desire to pursue occupations they learned in the armed forces. Ex-Army bakers have balked at referrals to jobs in bakeries, and the same thing has been true in other occupations.

• Back to School—War Dept. surveys have indicated that 625,000 enlisted men and officers are planning to return to full-time schooling after the war, with



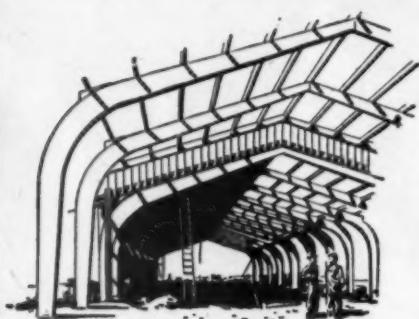
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International makes chain for every essential need: Industrial, marine, farm, automotive. And International's manufacturing and service facilities are complete in every detail.

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Timbers pressure-treated with Minalith\* fire retardant will not support combustion or spread fire. Structural members retain their strength without sudden collapse when exposed to flame.

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the aid of educational provisions of the G. I. Bill of Rights (BW-Mar. 25 '44, p21). But as of Mar. 1 only 12,000 had applied for federal school assistance.

Some of the veterans who have returned to colleges or high schools have not stayed long. Many dropped out after one semester due to the lure of plentiful jobs and the fact that after the broadened experiences of military life, return to studies was found to be hard and slow work. Colleges and lower schools, however, anticipate that veteran enrollments will go up sharply when demobilization begins.

• **Facing Trouble**—Another large segment of service personnel hopes to strike out into private business after the war. The War Dept.'s survey placed the figure at 12.9% definitely planning self-employment, 5.9% considering it. Some have tried already, and their predicament, when they found themselves snarled in government red tape, has received wide publicity.

Even private farming has not been without problems: The Iowa State Agricultural Adjustment Administration reported recently that nearly 300 letters had been received by discharged Iowa veterans complaining that they want to become farmers but cannot obtain the equipment needed to begin operations.

### TO PROTECT OFFICIALS

Realizing how contract cutbacks may take severe toll of trained union leadership in a plant or an industry, unions are fighting—in many cases, successfully—to get into their contracts a provision which gives top seniority to officers of their locals.

Recently, however, a new question was raised during negotiations between the Fisher Scientific Co., Pittsburgh, and the United Scientific Workers (C.I.O.) over top seniority for five officials of the local union. The company is a small one, and of 63 prewar employees 40 are now in the armed forces and entitled to reinstatement on discharge. The company contended that if it granted the union request it might come into conflict with re-employment provisions of the Selective Service Act. It might not be able to re-employ some of its former employee-veterans because of the over-all seniority of union officers.

In case of such conflict the Philadelphia regional war labor board, which considered the case, ruled that the top seniority award to the union leader would have to be abrogated. The board turned down a second company plea that it be allowed to retain employees with long service and experience instead of less experienced union officials in case new production schedules cause a sharp contraction of its working force.

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## Seniority Governs

Arbitrator in Timken case rejects special rights for veterans, holds that provisions of contract must be observed.

Selective Service contends that a veteran is entitled to superseniority—reinstatement to his old job—even though it necessitates release of a nonveteran with greater seniority (BW—Feb. 3 '45, p100). Far from being generally accepted, that contention has given rise to a growing controversy. In the welter of conflicting opinion, there is one new guidepost. **Contract Terms Govern**—In a case involving the Timken Roller Bearing Co. of Canton, Ohio, and the United Steelworkers of America (C.I.O.), an arbitrator rejected superseniority, held that application of straight seniority, as provided by union contract, must govern re-employment of employee-veterans.

Herman A. Gray, the arbitrator, contended that the selective service act gives the director "no duty to administer the re-employment provisions of the act, no authority to enforce them, no power to issue any ruling interpreting their meaning, or any order directing compliance."

• **Directives Not Binding**—Any directive concerning re-employment of veterans consequently is advisory only, Gray held, and is not to take precedence over employer-employee relationships established under collective bargaining.

Moreover, nothing in the act provides that a returning veteran is due to receive more than he had when he left, the arbitrator decided. Under Gray's ruling no Timken employee can be displaced to make room for a returned veteran if, after the veteran has been credited with seniority accumulated during military service, the nonveteran employee still has greater seniority.

• **Policy Group at Work**—Meanwhile, mounting confusion on just how re-employment provisions of the selective service act are to be interpreted has led Brig. Gen. Frank T. Hines, retraining and re-employment administrator, to appoint a committee to attempt to formulate a re-employment policy acceptable to all. Veterans' organizations will assist.

The principal issues which the group will seek to clarify are (1) whether straight seniority or superseniority will govern re-employment of veterans; (2) whether nonemployee veterans will be entitled to employment preference; and (3) what will constitute "temporary" employees, and what their re-employment rights will be.

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## THE LABOR ANGLE

### Revival

Secretary Frances Perkins' dramatic entry into the coal negotiations last week is part of a White House plan which calls for efforts to restore some of the lost prestige to the Labor Dept. The secretary's relations with the A.F.L. and C.I.O. have been little short of poisonous. John L. Lewis—always a realist—was prepared to accept her offer to mediate because her proposal for settling the coal controversy (page 17) was every bit as good as Lewis can expect to get from the National War Labor Board. If the employers hadn't balked, and she could have brought it off, it would have been a momentous achievement for the department.

The secretary herself is restive in her sprawling department, now little more than a statistics-gathering agency of third-rank importance. If the President ever prevails on John Winant—currently Ambassador at the Court of St. James—or some other acceptable successor to take the labor secretaryship, she will go to the directorship of the International Labor Office—a spot which is being kept open for her.

### Criticism

Philip Murray has no real competition for the job of C.I.O. president simply because there is no one in the organization of sufficient prominence or power to challenge his leadership. But he's not above criticism from the ranks. In addition to the usual griping, which is always going on, about his spinelessness in handling the factional problem, there are now accusations that Murray is putting the organizational interests of his steelworkers above those of other C.I.O. unions.

As president of the steelworkers' union—where his real power lies—Murray is reported to envision his group's developing into a vast association of metalworking labor. The steel unit has already absorbed the formerly autonomous aluminum union; now it is interesting itself in shipbuilding workers. Shipyard labor officials suspect that Murray is making things difficult for them.

When the C.I.O. made Lewis its first president, it failed to follow

the A.F.L. tradition of having a head man whose first responsibility is to the over-all federation. The A.F.L. has always sought to avoid exactly the kind of problems which Murray's divided loyalties create.

### Inequities

Wage inequities are now perhaps the most important single heading under which pay boosts are granted by NWLB.

To a considerable degree, employers have brought the inequity problem on themselves, and many are still pursuing policies which increase inequities and promise to be very costly in the end.

In the course of expansion of an establishment, a certain number of inequities in wage scales will inevitably develop. But many employers, by slipshod collective bargaining, have created truly glaring inequities and have thus provided labor with its handiest device for getting the government to order wage increases.

What happens all too often is something like this: The union will come in and present demands which, by employer calculation, will amount to maybe a \$2,000,000 annual increase in labor costs. The employer will have decided that a \$1,000,000 rise is all he can afford. After negotiations dispose of subsidiary issues, the employer makes his \$1,000,000 offer. It is normally a figure which is arrived at by board-of-director or top executive decision. This group considers it solely a financial matter—doesn't much care how the million is spent, just so it takes care of the union's demands for a year.

The union takes the \$1,000,000 on the basis of its being a voluntary agreement. Occasionally it will forget its other economic demands; more often it will take them to NWLB. But the real point is that in many, many cases, the union is permitted to distribute the lump sum allowance as it chooses. It does not use the \$1,000,000 to eliminate inequities. It uses the \$1,000,000 to create worse inequities. The result is, a year later, it takes a foolproof case to NWLB for wage increases to eliminate inequities which it has itself intensified through employer negligence in collective bargaining.

## Foremen's Test

Auto companies indicate court fight is likely over NLRB recognition of foreman unions as bargaining agencies.

A court test is brewing to test the validity of the National Labor Relations Board ruling recognizing foremen's unions as legitimate bargaining agencies (BW—Mar. 31 '45, p15).

As soon as NLRB announced its reversal of the Maryland Drydock precedent, automobile company officials met at Detroit to determine a course of action. All indications pointed to a move into court.

• **Foremen Due to Win**—The means could be indirect. The Foreman's Assn. of America, independent union whose bargaining claims at Packard Motor Car Co. precipitated the decision, is expected to win the forthcoming election by a lopsided margin. But if Packard then refused to bargain, NLRB would have to go to court for an enforcement order, and the entire matter could thus be reviewed.

Packard was debating this week what course it will take, and it was apparent that the other companies were urging resistance. If that proves to be Packard's choice, the others might be able to enter the case as friends of the court when the enforcement action comes up in the federal circuit court of appeals and seek to prove that NLRB had no justification under the Wagner act for its decision.

• **Enters New Field**—Other companies have more than an academic interest in the matter. The F.A.A. has a substantial list of companies in which it will seek to institute bargaining elections as fast as the cases can be prepared. Briggs Mfg. Co., Murray Corp. of America, and some Chrysler plants are close to the top of that list.

Pending preparation of those larger cases, the F.A.A. asked an NLRB election in a new field when it petitioned for a vote among 34 mates and engineers of the Nicholson Transit Co., Great Lakes carrier.

Meanwhile, the automotive group in Detroit had other supervisory problems on its hands this week beyond the NLRB issue. Coming up in Washington Apr. 18 is a public hearing on the Slichter panel report on foreman recognition made to the National War Labor Board (BW—Aug. 12 '44, p98).

• **Two Alternatives**—At stake is whether NWLB will follow the NLRB line and order full-scale collective bargaining in supervisor cases before it, or whether it

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will follow the Slichter panel recommendation and simply provide guidance machinery. The auto people are expected to press for the latter change if one must be made, as their idea is the lesser of two evils.

The foremen's union, however, evinced little worry over the outcome of these issues or of its future. It established its feelings clearly when it announced that it had leased the suburban Indianwood Country Club as a social center for its membership.

## Insurance Demand

United Auto Workers will ask manufacturers to contribute 3% of payroll for welfare fund to be administered by union.

Company payment of insurance premiums for worker-members will be sought in collective bargaining by the United Auto Workers (C.I.O.) as unions generally increase pressure on industry for broad concessions allowable under the national wage stabilization program. U.A.W.'s plan is similar to several that are already in effect, particularly in the clothing industry. It has the same objectives as the "royalty" demand of John L. Lewis' United Mine Workers.

• **Calls for 3% Payment**—The U.A.W. program emerged from international board discussions. It was approved by the union's General Motors council as a part of U.A.W. demands to be submitted to the General Motors Corp. and later, in substantially the same form, to other employers in the automotive industry.

Under U.A.W.'s insurance plan, employers would make contributions equal to 3% of each employee's pay to a social security fund administered by the union. Employees would not be required to make any payments to be eligible for broad casualty and death coverage under policies to be written by the Trade Union Accident & Health Assn. of New York.

• **Bid for Members**—The only requirement for workers would be that they maintain good standing in U.A.W.—an obvious means of increasing and maintaining union membership.

The plan would provide hospital, surgical, and medical care for workers; lost time compensation equal to 60% of weekly wages after one week of illness, up to 52 weeks in any one year for any one illness or accident; and death benefits of \$1,500 or, in accident death cases, 60% of weekly wages for 60 weeks. Reserves would be used to set up and op-



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Employees, of course, could supplement coverage by continuing family insurance now available and purchasing through voluntary payroll deductions.

• **Big Sum Involved**—Company opposition to the U.A.W. proposal is a foregone conclusion, not only in General Motors but elsewhere.

In the case of G.M., a 3% payroll levy on 336,167 employees on the company's hourly payroll last year would have amounted to approximately \$24,850,000, or about 17.5% of net income after taxes. The company also is expected to object to union administration of the fund and use of reserves for creation of a system of facilities restricted to U.A.W. control and membership.

• **Indicative of Trend**—The U.A.W. program—which may be supplemented later by demands for other social security provisions, such as a guaranteed annual wage and severance pay—is the latest manifestation of a trend brought out pointedly in the demand by Lewis' mine workers for a 10¢-a-ton royalty on all coal mined by U.M.W. members. The demand is one of the principal points of contention in the negotiations now under way between U.M.W. and bituminous operators (page 17).

Lewis' demand boils down to the equivalent of a 4% or 5% contribution by mine operators based upon the payroll of U.M.W.'s 500,000 members. Its cost has been estimated at between \$40,000,000 and \$60,000,000 annually—but it must be recognized that U.M.W.'s original 10¢ royalty demand was for the purpose of starting negotiations.

• **Operators Object**—The Lewis proposal would provide, in addition to medical services and free hospitalization, free vacations for U.M.W. miners and a fund with which other welfare services—including jobless benefits—could be financed. Mine operators object to the fact that, if a fund is set up in accordance with Lewis' demands, it would be administered entirely by the U.M.W. and could be a strong instrument for building up the union.

While Lewis' demand for a welfare royalty burst like a bombshell at the start of coal mine contract negotiations, the principle is not a new one. A number of other industries already have employer-financed welfare plans in operation. The main difference is that these are on a payroll levy plan.

• **Plan in Operation**—The International Ladies Garment Workers Union (A.F.L.) has had such a plan in operation, and recently extended it with a new agreement covering 80,000 New York dressmakers.

Employers contribute amounts equal to 3½% of individual payrolls. This is

ected to make available \$4,000,000 annually for hospitalization, medical services, disability benefits, special care for tubercular workers in the industry, corrective treatment, and free vacations with payments from the fund of from \$23 to \$38 to cover one week's pay for each member eligible. Joint management-union control is provided. Union officials are now at work on an employment compensation plan for members, to supplement social security benefits.

**C.I.O. Program**—The Amalgamated Clothing Workers of America (C.I.O.) also has a percentage plan for an employer-financed system of health, accident, life, and hospitalization insurance. Employers of 100,000 cotton garment and allied industrial workers in 35 states make payments of 2% of payrolls to raise an estimated \$2,000,000 a year for fund, administered jointly by the C.I.O. and management, covering welfare payments. Unemployment payments also are made.

Many other plans are in effect, either on a union basis or operated by a company or group of companies. Only recently 133 New York hotels announced they were contributing an amount equal to 3% of earnings of 25,000 employees to finance life, sickness, and accident insurance (BW—Mar.31'45, 106).

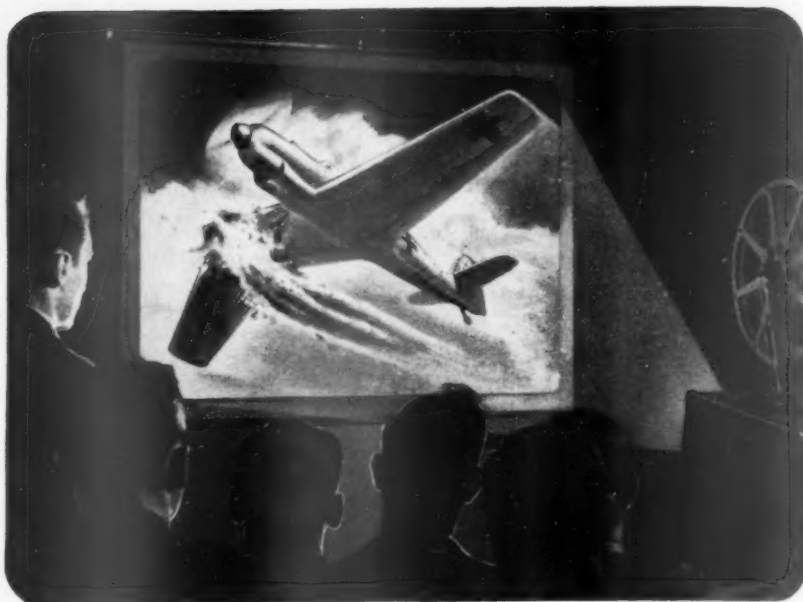
**Principle Is Upheld**—The National War Labor Board has ruled that such payments do not violate wage stabilization ceilings (BW—Mar.18'44,p44). The principle of union royalty levies on products produced by union workers was upheld by NWLB in a case involving James C. Petrillo's American Federation of Musicians (A.F.L.) and phonograph record producers.

## UNION CHALLENGE DENIED

Two-year collective bargaining contracts will be recognized by the National Labor Relations Board as barring any challenge of representation by a rival union for the duration of the agreement, provided the term of the contract is in line with established customs for area and industry.

This was NLRB's decision in a case brought by the Textile Workers Union of America (C.I.O.) seeking the right to challenge an independent union as representative of workers at the North Smithfield (R. I.) mill of Uxbridge Worsted Co. T.W.U.A. contended that the independent union's two-year contract is "of unreasonable duration." NLRB rejected this argument, pointing out that two-year contracts are not uncommon in the New England worsted industry.

Under NLRB procedure no chal-

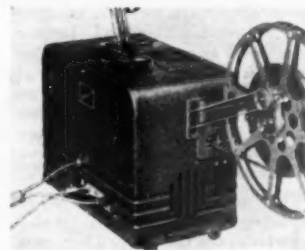


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## Congress Wary of New Weapons for Lewis

Two years ago, at the time of negotiations which led eventually to the contract under which the coal miners are currently employed, Congress was stampeded into passing the War Labor Disputes (Smith-Connally) Act (BW-Jun.19'43,p5). Despite the highly questionable wisdom of such legislation, the defiant stand of John L. Lewis panicked a bipartisan majority into overriding a presidential veto, and a law was passed which, its sponsors claimed, would render Lewis impotent.

● **At Government Expense**—What happened in practice was that organized labor added a powerful new weapon to its arsenal: the government-sponsored strike vote. Last week Lewis himself used it for getting an overwhelming vote of confidence and mandate to strike from his membership—at a cost to the U. S.

Treasury of about \$300,000 in polling expenses.

This week, with Lewis back in the labor spotlight, Congress was again asked to pass labor legislation. James F. Byrnes, in his swan song as War Mobilization Director (page 15), called for a law "to give the National War Labor Board statutory power to make its decisions enforceable." But, Administration sponsorship notwithstanding this time it looked as though Congress wasn't going to let Lewis' antics set the stage for any new mistakes.

● **Deciding Factors**—Sensing congressional reluctance to go along, the White House won't apply real heat to get such legislation through unless (1) a coal strike actually occurs, and (2) the Supreme Court decides Roosevelt exceeded his authority in seizing Montgomery Ward.

lenge of representation is permitted until a contract is expiring. This policy has been adhered to closely by the board to prevent recurring representation disputes after a NLRB election results in certification of a collective bargaining representative. But to prevent use of long-term contracts to stall off any challenge, NLRB in the past has ordered collective bargaining elections on request at any time after one year of indefinite or long-term contracts—those for three years or more.

## RIGHT-TO-WORK DRIVE FAILS

"The Women of the Pacific is not licked."

Thus spake Mrs. Edwin Selvin, chairman of the vigorously anticlosed-shop organization, as she disclosed that her second effort to give California a right-to-work law has failed.

Her first effort, which aroused bitter opposition from organized labor, would have forbidden an employer to dismiss an employee for his membership or non-membership in a labor organization. Presented to the voters as an initiative last fall, this proposition was defeated (BW-Nov.18'44,p18).

Mrs. Selvin and the Women of the Pacific renewed their drive in January, circulating petitions by which they hoped to present an initiative to the legislature. But when the statutory deadline for completing the petitions was reached last week, sponsors of the movement found they had too few signatures.

## EXTRAS' JURISDICTION SPLIT

As pickets patrolled Hollywood movie studios in one jurisdictional dispute (BW-Mar.31'45,p104), the National Labor Relations Board fanned the flames of another by revising its division of union jurisdiction over screen players.

Until recently, extras have been members of the A.F.L. Screen Actors Guild, which bargained exclusively for all the personnel in front of the cameras. The extras pulled out of the S.A.G. and set up an independent union—the Screen Players Union—because they were dissatisfied with the kind of representation given them by the S.A.G. (BW-Dec.23'44,p106).

Hardly had S.P.U. wrested away bargaining rights for the extras by NLRB-supervised election, however, than the jurisdictional tangle came to light (BW-Feb.10'45,p110). Extras sometimes are called upon to speak a line, to execute a dance step, to carry a larger spear than the rest. Are they then extras or artists?

Originally, NLRB held that they were still extras, that they should be represented by the independent S.P.U. Last week, however, the board reversed itself on appeal, returned jurisdiction to the actors' guild over bits, stunts, and parts executed by extras. As the board noted, this will require an extra to carry cards in both unions if he hopes for a chance to emerge from the obscurity of the crowd. The S.P.U. is fighting the decision.

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Rollway right-angle loading splits compound loads into the two components of *pure radial* and *pure thrust*. It carries each of these components on separate bearing assemblies, at right angles to the roller axis. No oblique loads or load resultants, no compound loads of any form, can bear on either the radial or thrust rollers. Unit pressures are lower. Total load magnitudes per bearing are held within calculated limits. Maintenance and replacement costs are substantially reduced. Send a drawing, or detailed description for free bearing analysis and recommendation by our bearing specialists. No obligation.



Soon, very soon, equipment users are going to refuse to buy "just anything" they can get. During and after reconversion, they're going to pick and choose . . . to demand higher performance levels and lower maintenance costs. Bearings will be basic in new equipment specifications.

That's when Rollway solid-cylindrical Roller Bearings will count high in closing orders. Because Rollway right-angle loading is "*the one best way*" to combine radial and thrust loads . . . the way that reduces unit pressures and cuts down-time for bearing service and replacement.

**ROLLWAY BEARING CO., INC.**  
Syracuse 4, N. Y.

since 1908 makers of

# ROLLWAY

## CYLINDRICAL ROLLER BEARINGS

SALES OFFICES: Philadelphia • Boston • Pittsburgh • Youngstown • Cleveland • Detroit • Chicago • St. Paul • Houston • Tulsa • Los Angeles

# MARKETING

## Billion-Dollar General Store

Sears, Roebuck & Co. passes that mark in sales for the first time in its 58-year history, despite hard-goods shortages. Liberal pension plan aids in maintaining stable employee relations.

Sears, Roebuck & Co. last week reported on its 1944 business. The billion-dollar sales figure was bigger than that of any other general merchant. (Only the Great Atlantic & Pacific Tea Co. in the food field could boast a greater total.) Sears' gain of 15.9% over the preceding year was almost double the national average for all retail sales. But in trend and in over-all results Sears might have been reporting the 1944 experience of the typical American store.

• **New Sources Uncovered**—The basic situation at Sears was the same as it was in the big-name shops from Miami's Flagler St. to Seattle's Fifth Ave. and in the Bon Ton stores on county seat main stems. Volume of sales was limited almost everywhere, not by what the consumer would accept, but by what the merchant could supply. Even after the Christmas rush, demand continued to increase on a level far above the seasonal normal. Inventories are down.

Sears' chairman, Gen. Robert E. Wood, gives full credit for his company's record to the retail store managers and to the catalog buyers of the company's mail-order houses. He says that they found new merchandise sources in improbable places where top executives might not have looked.

• **The First Billion**—Sears accountants include in gross sales those goods returned by customers for cash or credit (\$27,000,000 in 1944) which, as might be expected, were less than in 1943. But gross sales do not include money returned to catalog customers for "omissions" of out-of-stock merchandise (\$71,000,000) or refunds on orders from old catalogs (\$30,000,000).

Gross sales of the world's largest general merchant in the fiscal year, ended Jan. 31, 1945, reached \$1,015,000,000, the first billion in the company's 58-year record, despite the absence of \$200,000,000 sales which could have been added in as the normal proportion of big-ticket hard lines, had such merchandise as refrigerators and washing machines been manufactured and salable. Net sales were \$988,000,000, up \$136,000,000 from 1943's figure of \$852,000,000.

This increase looms larger by comparison with Montgomery Ward & Co.'s gain. Ward's \$621,000,000 of net sales last year represented an increase of \$25,000,000 or 4.2% (in most years, Ward and Sears sales range close to the proportion of 2 to 3.) Labor difficulties unquestionably held Ward volume down in 1944.

• **Style Goods Addition**—Of Sears' gain, about 4% came from its purchase of Henry Rose Stores, Inc., in which Sears had previously owned 25% stock interest. When Sears started its chain store operations 20 years ago, it formed the Rose organization to lease and run the style goods departments in the retail stores because Sears' own management lacked style experience at that time.

Until 1944, the Rose volume had never appeared in Sears reports.

This year, as for the past five years, the company's retail stores did about two-thirds of Sears' total business, the ten catalog houses one-third. Until five years ago, the retail store percentage climbed steadily, but few new stores have been opened in the interval. The ten stores which were added in 1944, raising the total to 606, were very small units in Indiana and Illinois which were heretofore operated as agencies.

• **\$4,350,000 for New Sites**—Like most prudent businessmen, Sears' executives are not talking too concretely about their postwar plans. They say that they may open a few new stores each year after the war, and they admit that a balance-sheet increase of \$4,350,000 in land represents real estate purchases, principally for this purpose.

They also are planning physical expansion of 17 of the company's "A" stores—big-city units which volume has outgrown. Sites for perhaps 60 catalog order offices have been chosen and will be opened when merchandise becomes available, probably next fall.

• **Farewell to Victory Models**—Inventories have decreased from \$166,000,000 a year ago to \$146,000,000 on Jan. 31, 1945. The top management has kept



### FRENCH BRANDY—THE FIRST IN FIVE YEARS

At the French Line pier in New York, C. D. Bailey, vice-president of Schiefelin & Co., receives the first shipment of French cognac brandy (Hennessy) in five years. At another part of the pier, a Park & Tilford official corrals the first cases of Martell. Caught on Marseille docks when the Germans took over, the brandy was "stored" by the French for U.S. importers until a few weeks ago when the Martinique-bound S. S. Sagittaire found room for it in her hold. French shippers will be unable to duplicate the cargo soon. U. S. consumers will have to wait while the shipments pass through OPA's pricing machine.





## "Imagine! All this for 5¢ a day!"

She's getting along fine! Because she has the finest of care . . . a nice room at the hospital, best doctor in town, efficient nurse, *everything* that modern medical science can provide.

And all of it costs her just \$15 a year, actually less than 5¢ a day!

You see, before she had her accident, this smart housewife got Hartford "Medical Reimbursement" accident insurance.

### Here's What Your 5¢ Will Buy!

**5¢** With this low cost policy, you get up to \$500 to pay hospital, nursing, doctor's and other medical expenses in case of accidental injury. **IN ADDITION**, you get special allowances up to \$162.50 for specified dislocations, fractures, etc. **IN ADDITION**, you get substantial benefits ranging from \$1,250 to \$5,000 for loss of a hand, a foot, eyes, etc.

More than half of all accidental injuries occur in the home, so every housewife needs this protection. Get yours *before* you have an accident! See your Hartford agent or your insurance broker . . . this very day.

### This one's on us . . .

It's a booklet. Concise, interesting, readable, illustrated. It's packed with helpful hints on prevention of accidents in your home. It's authentic—a publication of the National Safety Council. And "this one's on us"—just write for your free copy.



**WHY, OH, WHY DIDN'T YOU EXPECT THIS WIND STORM?**

Pity the poor home that has only fire insurance but no protection against a windstorm! Or rather, pity the poor home *owner*. For a few dollars more, he could have had fire insurance **WITH EXTENDED COVERAGE** . . . and then he'd never, never have to worry about windstorms, hail, explosion,\* riot, falling aircraft, smoke or damage by vehicles!

\*Except Steam Boilers.

### Tune in! Leland Stowe with the News

Every Saturday evening over the Blue Network comes a voice that millions know and trust. It's the voice of Leland Stowe, veteran foreign correspondent, war reporter and analyst, now broadcasting for leading capital stock fire insurance companies including the Hartford. See your local paper for time and station, and tune in this Saturday.



### "I bought a War Bond today . . . did you?"



Today and every day, servicemen are buying War Bonds. Men in camps, in front line foxholes, on warships, even in hospitals. Think it over. Is there a single one of us in civilian life who can't afford to buy more War Bonds?

# Hartford Insurance

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company  
Hartford Live Stock Insurance Company

*Writing practically all forms of insurance except personal life insurance • Hartford 15, Conn.*



*It's what goes on **INSIDE** that counts*



**Inside an engine,  
Pedrick Silcoating  
gives extra protection**



**Rings coming out of Silcoating treatment**

TAKE NO CHANCES ON new rings that may scratch or scuff the cylinders. Pedrick rings are Silcoated to cushion the cylinder walls against damage during the critical wear-in period. They seat quicker with safety.

Pedrick Silcoated rings are also Heat-Shaped for further wear-in protection. This patented process means correct shape, exact tension, and proper flatness, all of which contribute to quicker, safer seating, and longer economical service.

Today, when it is so important to keep aging equipment operating efficiently, you'll find Pedrick rings provide better oil and fuel control and extend the time between overhauls. For truck, bus, car, and tractor engines, use Pedrick piston rings in *guaranteed Engineered Sets*.

WILKENING MANUFACTURING CO., Philadelphia 42, Pa. In Canada: Wilkening Manufacturing Co. (Canada), Ltd., Toronto.

**Pedrick**  
*precisioneered* PISTON RINGS

NOW THAT YOU'VE GIVEN TO THE RED CROSS, INVEST IN MORE WAR BONDS

a tight rein on inventory, claims to have cleaned every dollar's worth of ersatz goods out of stocks. At the same time, company officers wistfully regret that they have not been able to buy more textiles, and to build up this part of total inventory.

The year's big sales volume produced net income before taxes of \$103,000,000, just \$17,000,000 more than in 1943. But taxes also increased by almost \$17,000,000, leaving net income after taxes at \$34,000,000, a gain of barely \$300,000. Per-share earnings came to \$5.83, against \$5.80 a year ago.

• **A \$74,000,000 Nest Egg**—Net working capital increased substantially; so did reserves. Sears actually keeps two sets of books. One set is for tax purposes, goes strictly by U. S. Treasury regulations as to what is allowed for expenses, reserves, etc., but Sears management operates and makes its decisions by the far more conservative figures shown on its own set of books. Actually, Sears owns assets whose value exceeds by \$74,000,000 what appears on the books and in published statements.

Sears' management is generally recognized as one of the top-ranking teams in American business. Gen. Wood, despite his nominal retirement from the presidency to the chairmanship in 1939 upon achieving his sixtieth birthday, is still extremely active, and no mistake about it.

• **Don Nelson's Successor**—Backstopping Wood on the Sears first team are two first-quality merchandisers who followed him from Montgomery Ward 21 years ago. President Arthur S. Barrows came up through the hardware department, managed company operations on the Pacific Coast for several years, made a record so brilliant that top-level recognition was inevitable.

In the major realignment of responsibilities in 1939, Theodore V. Houser became merchandising vice-president to serve as Donald M. Nelson's right hand. But war work took Nelson to Washington so soon and so often that Houser has carried the full load of merchandise responsibility for almost six years.

• **Peace and Pensions**—Personnel experts credit Sears' peaceful labor relations (as compared with Ward's) to a combination of two influences. Tranquillity throughout all levels of Sears management has been a stabilizing influence among the lower files. More tangible, if not more important, is the powerful leverage of one of the most liberal profit-sharing and pension plans in American industry.

An example of the working of Sears' pension system shows its value as a morale-builder. A certain employee has been working at Sears for 25 years, at an average salary of \$1,400. His average

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## FOR GOOD RELATIONS

last week—without fanfare—Comd. Joyce N. Flippin, veteran of New Britain campaigns, was added to the staff of the Navy Industrial Assn. an organization set up to maintain present close relations between industry and the Navy. Born last summer, the association is now being supported by more than 300 companies who seek to prevent the Navy from again "closing its doors" after the war and to establish a channel through which industry can present its point of view on production procedure, requirements, and research. Comd. Flippin, formerly with Brown Harris & Co., and the U. S. Gypsum Co., will be released from active duty to become assistant executive director.

annual contribution to the pension fund has been about \$70—a total of less than \$1,500 all told. For personal reasons, he has had to draw out about \$2,300 during the 25-year period. Yet he now owes to his credit in the fund \$2,200 in cash plus 200 shares of Sears stock—worth almost \$21,000 at current market prices, and paying \$900 a year in dividends.

**For Upper-Level Salaries**—Serious weakness of this plan has been that the maximum employee contribution permitted was 5% of \$5,000 a year. Employees in the higher salary brackets had to be content with pensions no greater than those of \$5,000-a-year men. This was relatively less important in the first years when the company was able to give substantial cash bonuses and stock-

# Here's **SPEED** for your Accounts Receivable

The **EXCLUSIVE** combination of speed-producing features found **ONLY** in the Remington Rand model 285 bookkeeping machine creates faster posting and volume production of Accounts Receivable. Check your benefits in the *exclusive* combination partially listed here:



- 1—Standard keyboard, 10 numeral keys—Any typist operates it.
- 2—Flexible registers—Meet needs of all accounting procedures.
- 3—Visibility of all writing—Assures maximum speed, accuracy.
- 4—Front and back feed carriage—Independent control of forms.
- 5—Automatic line proof—Machine proves old balance pick-up.
- 6—Balances computed, printed automatically—No "human error".
- 7—Completely electrified—High speed and less operator fatigue.

Because of its efficient speed and versatility, the 285 handles accounts receivable and payable, general ledger bookkeeping, payrolls, and all other accounting procedures.

Small concerns use a single 285 for several procedures. Large corporations have them in groups of ten or fifty or more for one procedure only, such as volume production of accounts receivable.

In every case, the rugged 285 cuts time and labor costs while speeding production. Let it cut *your* costs, speed *your* production. Your nearest Remington Rand representative will show you how . . . without obligation. Phone him **NOW**, or write to us at Buffalo, N. Y.

*Deliveries according to WPB regulations.*

# Remington Rand

**BUFFALO 5, N. Y.**



**Gyro instrument drying ovens**  
of Ls. A steady heat of 190°F is maintained in these ovens, and the Ls panels are the only support needed for blowers and other equipment.

**Interior view of gyro instrument drying oven, showing how shelving, like other construction features, can readily be adapted to Ls housings.**

**Lindsay Structure achieves its unique high strength-weight ratio through uniform tensioning that utilizes ALL the strength in light sheet metal.**

**FOR STRATOSPHERE COLD OR TROPICAL HEAT**

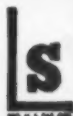
*Insulated Ls housings help give you accurate temperature control*

There's less heat leakage when ovens, refrigerators, or other insulated structures are built with Lindsay Structure. This modern method of light metal construction has tremendous strength and rigidity which resist wracking, make permanent air-seals possible. Its double walls permit continuous insulation and synthetic spacers of low heat conductivity—eliminating all through-metal contact.

Pre-formed to the exact specifications which meet your individual requirements, Lindsay Structure needs no welding, riveting, trimming, or fitting for its construction. Assembled Ls units are neat, modern, machine-finished in appearance—keep out dust, dirt, and moisture.

Completely or partially assembled Ls units are now available through a new wartime service. Trained organizations in 67 cities make on-the-spot service possible. Check the possibilities of Lindsay Structure—in steel or aluminum—today. For information, send drawings or data to Lindsay and Lindsay, 222 W. Adams St., Chicago 6, Ill.; to 60 E. 42nd St., New York 17, N. Y.; or to Lindsay Structure (Canada) Ltd., 307 Dominion Square Bldg., Montreal.

# LINDSAY



# STRUCTURE

U. S. Patents 2017629, 2263510, 2263511  
U. S. and Foreign Patents and Patents Pending

AVAILABLE IN STEEL OR ALUMINUM

purchase options which are no longer practical under existing laws and regulations.

This year the terms of the pension plan have been broadened by the directors. Now the higher-paid employees can contribute enough to provide pensions proportionate to the living scale acquired during their working years but with a top limit of \$10,000 annual pension to anyone.

## FCC Gets Tough

**Hidden ownership results in refusal to renew license of WOKO. Buyers' qualification may block WOV transfer.**

Words were translated into action last week when the Federal Communications Commission, by unanimous vote, denied a license renewal to radio station WOKO, Albany, N. Y., and issued proposed findings and conclusions, denying transfer of control of WOV, New York, from Arde Bulova, the watchmaker, and Maj. Harry D. Henshel, to Murray and Meyer Mestel of the Balbo Oil Co., Brooklyn, N. Y. Bulova also owns the controlling interest in station WNEW, New York, and under the commission's regulations banning multiple ownership in the same service area, he must dispose of his interest in one of the two stations. He elected to keep WNEW and sell his stock in WOV.

• **Hidden Ownership Charged**—Both actions came as surprises in the radio broadcasting industry, in view of the commission's past lenient policy under James Lawrence Fly, former chairman. Early in March the new chairman, Paul A. Porter, told members of the National Assn. of Broadcasters that the FCC planned to scrutinize renewal applications to determine whether performance stacks up with promises.

In the WOKO case, the FCC found that Sam Pickard, himself a former FCC commissioner and later Columbia Broadcasting System vice-president in charge of station relations, had held a hidden ownership of 24% in WOKO, Inc., licensee corporation, since Oct. 23, 1931; that the ownership was not disclosed as required by the communications act; and that Harold E. Smith, 25½% owner and station general manager, also was guilty of nondisclosure of Pickard's interest. Effective date of the revocation is Apr. 27.

• **Reargument Sought**—Morris L. Ernst, New York attorney and chief counsel for WOKO, indicated that he plans to petition for reargument. If that fails he

carry the case to the U. S. Court appeals for the District of Columbia. It told the FCC in open hearing that Pickard did own the minority interest. He recommended that the commission require the former network executive to dispose of his 24% interest at less than market price as "punishing scalping" and permit other stockholders to continue operation of the station. Another license renewal into which the FCC has been inquiring, that of WCHS, Charleston, W. Va., has been set for hearing Apr. 9. The House committee investigating the FCC charged Capt. John A. Kennedy, now on active duty in the Navy and principal owner of WCHS, held an unannounced ownership in WGKV, Charleston.

**Trade Record Cited**—In its proposed decision to approve transfer of the WOV license, the FCC held that it "was not satisfied from the record that the transferees possess the qualifications essential to operate station WOV in the public interest or that they had shown that they are capable of being entrusted with the responsibilities and obligations expected of a person privileged to hold a station license."

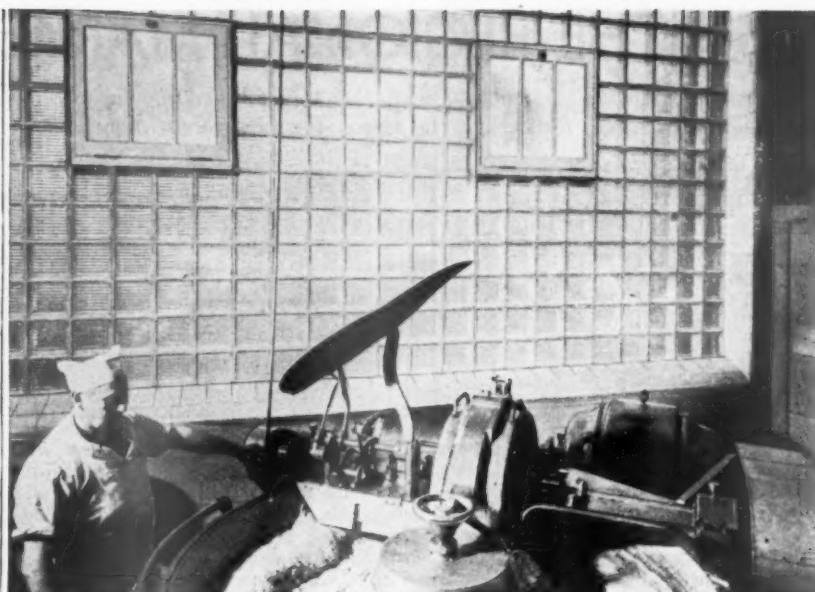
The Mester brothers, in their edible business, "have violated and disregarded regulatory laws of the states and federal government on numerous occasions, ever since they have been in business," the FCC proposed findings charged.

Richard O'Dea, minority stockholder of WOV, protested the transfer, claiming he had a prior option to purchase the Bulova-Henshel interests and would they decide to sell.

## AT TELEVISION TUBE

A cathode ray tube, flat instead of curved at the screen end on which the image is projected, has been developed by the Allen V. Du Mont Laboratories, N. J. The new tube, 20 in. in diameter, has been shown privately to directors of the Television Broadcasters Assn., and will be publicly announced in the near future. Since the projection surface is absolutely flat like a movie screen, the picture can be viewed from virtually any angle without the distortion that characterizes images shown on the curved-end tubes now generally in use. Philco Corp. boasts development in the near years of the first flat face tube, but it was about half the size of the Du Mont model. Du Mont claims superior picture with an image size of 13½ in. in sharp black and white.

Coming Glass Works, which has a department especially devoted to blowing glassware for use in television bulbs (ENR-Sep. 16 '44, p. 64), is blowing the new tube for Du Mont.



Mixing Room—Mickelberry Sausage Company, Chicago, Illinois

## PACKING HOUSES FIND IT PAYS TO

# "Daylight with Insulux"

**ALL** processors of food must maintain ultra-sanitary conditions. Meat packers, particularly!

That's why so many packing houses are installing lustrous, light-flooded panels of Insulux Glass Block.

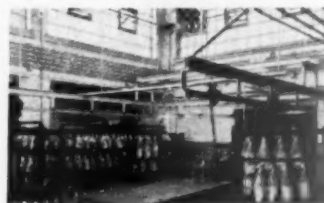
Panels of Insulux do not rot, rust or corrode. They lock out dirt and dust. They reduce heat loss and condensation. And they are easy to clean and to keep clean.

Furthermore—panels of Insulux flood workrooms with natural daylight—improve working conditions and allow full use of floor space.

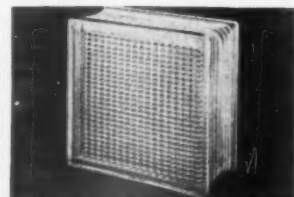
Panels of Insulux show operating economies right from the start. Investigate!



Loading Platform—Cudahy Packing Company, Albany, Georgia



Processing Room—Hardschumacher Company, Boston, Massachusetts



Insulux Glass Block is a functional building material—not merely a decoration. It is designed to do certain things that other building materials cannot do. Investigate!

**OWENS-ILLINOIS**  
**INSULUX**  
**GLASS BLOCK**

## 5 REASONS WHY

- 1 **SAVE FUEL**—Better insulation means less fuel loss.
- 2 **SAVE UPKEEP CHARGES**—Easy to clean—and to keep clean. No painting required.
- 3 **SAVE MAN HOURS**—Better light control insures better working conditions.
- 4 **SAVE SPOILAGE LOSSES**—No infiltration of dust or dirt.
- 5 **SAVE REPLACEMENT COSTS**—Panels of Insulux do not rot, rust or corrode.

**OWENS-ILLINOIS GLASS COMPANY**  
Insulux Products Div., Dept. B-77, Toledo, Ohio

Gentlemen: Please send me, without obligation, your book entitled "Rx for the Improvement of Buildings."

Name and Title \_\_\_\_\_

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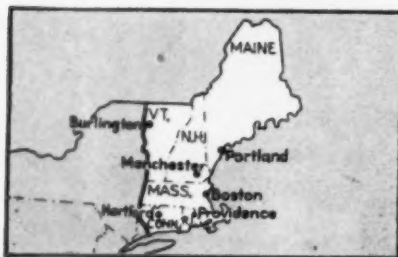
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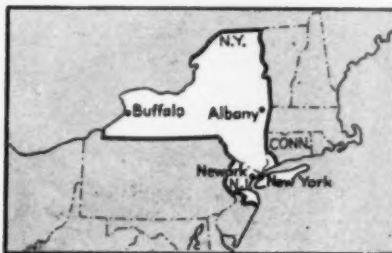
# THE REGIONAL MARKET OUTLOOK

A summary of industrial, agricultural, and other trends, affecting the income and general business prospects in twelve Federal Reserve districts of the nation for most recent month. (Last month's report: BW—Mar. 10/45)



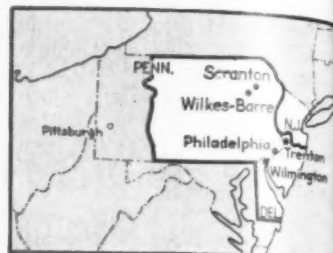
**BOSTON**—The emphasis in the current munitions drive—for ammunition and other "must" items—lies principally with Boston, New Haven, Waterbury, and Worcester. Meanwhile, shipyard layoffs have fully eased Portland's labor shortage, and soon may relax Providence's, though activity seems due to stay high around this city. This uneven development is similar to the nation's, and payrolls are running in line, though tending slightly below-average, which was the 1944 trend. Business appraisers are pointing to the low proportion of federally financed war plants here as a favorable index to reconversion prospects.

New England farmers are planning a 4% increase in potato acreage and a 6% rise in tobacco plantings, but no change in hay. Last year, Massachusetts and Connecticut farm receipts averaged about a 10% decline, and only Maine was up, by 9%, with other states unchanged.



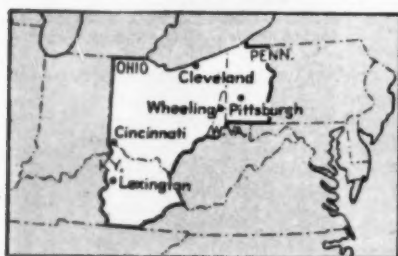
**NEW YORK**—Factory employment and payrolls in this region are still running parallel with national trends, with Utica suffering the worst drops and the Albany-Schenectady-Troy area boasting the gains. Most heat is on Buffalo and Newark-Jersey City to recruit labor for war production, but the job trends remain fairly steady, as they are also in this metropolis. The almost 200,000 jobs in the financial community here have also held up very well during the war, declining only 5% since 1942; insurance lost the most, but banks have added women to handle new wartime functions.

Despite unfavorable weather throughout most of the year, farm income in 1944 kept pace with the nation's. This year is opening well, with the current seasonal upswing of milk production highlighted in March by a 10% gain over 1944 in milk output per cow. Hay and corn acreage will be unchanged from last year, but oats will jump.



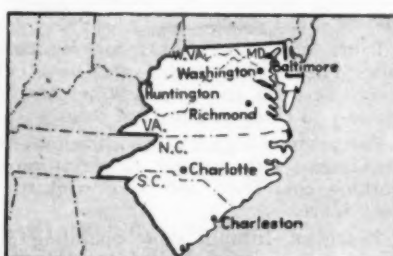
**PHILADELPHIA**—District payrolls continue to run steady, as they have for past six months. Over the past year factory jobs have dropped less sharply nationally. In recent months, income picked up particularly around Allentown, Scranton, and Harrisburg. Shipyard layoffs will again hit Wilmington (landing gear) and may soon affect Chester (tankers), prospects at Camden and Philadelphia itself (naval vessels) are good. Meantime slow progress is being made in licking labor shortage in this city, now the nation's second most critical area, with 25,000 workers still needed for all war plants.

A sample survey shows that manufacturers in this city plan to spend \$100,000 for postwar expansion, the bulk of it from their own funds. But this estimate is likely to prove low: Budd Mfg. alone seeks a \$16,000,000 RFC loan for new facilities for transport equipment production.



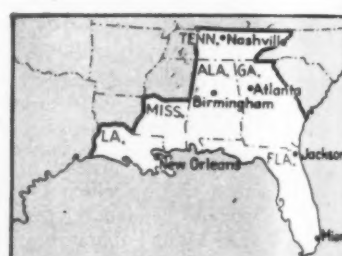
**CLEVELAND**—Shortages of materials and especially of labor still tend to retard the upward course of industrial activity here, though payrolls are still holding up at least as well as in the nation generally. Some employment shifts are expected in the Pittsburgh area, with work on welded tubing in part balancing cutbacks on landing barges, affecting Ambridge and Neville Island. Minor new wartime expansions are under way at Cleveland, Groveport, and Martins Ferry, and a couple of small post-war projects have been slated for Avonlake and Brecksville, but larger automotive industry plants are also being planned, one definitely at Columbus and another tentatively at Cincinnati.

Kentucky tobacco acreage for 1945 now calls for a 6% increase over 1944. Excessive rains and floods in the Ohio Valley have delayed field work but have been more than offset by the unusually early spring.



**RICHMOND**—Though Baltimore shipyard payrolls reversed their downward course recently, the shipbuilding emphasis from now on will be at the naval craft centers of Hampton Roads and Charleston, S. C., rather than at the merchant yards of Baltimore and Wilmington, N. C. Other recent job beneficiaries of the munitions drive are Cumberland, Md. (tires), and Charleston, W. Va. (chemicals). Rayon-nylon expansion is continuing, the latest projects going to Front Royal, Martinsville, and Roanoke, Va., with a rash of miscellaneous minor plants elsewhere. In general, however, labor shortages are continuing to depress coal mining, lumbering, and textiles.

In line with national trends, district farmers this year will sacrifice corn acreage in favor of more hay and oats, and will reduce cotton plantings but increase tobacco. Farm activity is now well under way after delays due to cold and rain.



**ATLANTA**—Further pointing up the shift in arms jobs from coastal shipyards to land ordnance centers (BW—Mar. 10/45, p. 96), Jacksonville, Fla., is due for layoffs while Knoxville, Tenn., is still short of workers for critical munitions. Recent minor war expansions have been at Natchez and Flora, Miss., and Sheffield, Ala. Postwar, a major auto plant is planned for Atlanta; the district's timber resources are already attracting prefabrication to Johnson City, Tenn., and Greenville, Ga.; and another Tennessee Valley Authority plant (fertilizers) is set for Mobile.

Changes in timing of crop marketing have affected farm-income comparisons in this region, the most recent being a 1944 marketing of the last cotton crop. Biggest change in farmers' 1945 crop plans is a drop in corn which probably will go into increased cotton plantings, with no major shifts otherwise.



# OK A GUIDE TO INCOME TRENDS

the arms centers, cargo shipbuilders report more layoffs while ordnance plants accelerate activity. V-E Day will usher in radical income shifts. Spring weather is favorable for early farm work in most sections.



**AGO**—Several more district cities have moved up to the "critical labor shortage" category to join most other midwesterners, reflecting the continued acceleration of munitions work here (exception: factory jobs dropped almost 10% in January alone). But the good news from the forecasts cutbacks soon, increasing the need for reclassification in order to open up contracts. In any case, this peace-industry producer of durable goods will snap up reconversion better than most regions. Expansion plans right now include a wire-cable plant at Ft. Wayne and laundry facilities around Rock Island. But here, contrary to the national trend, farmers have sacrificed hay rather than acreage to boost oats plantings. However, the critical factor for 1945 farm income is how the spring pig crop turns out. Supplies of feed are available.

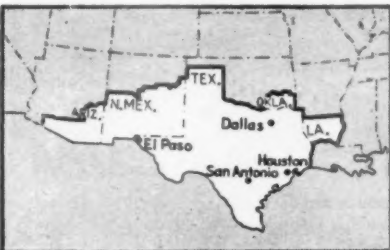
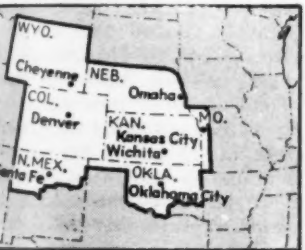
**ST. LOUIS**—So far, the farm season has started moderately well. The usual spring floods have again delayed field work, but they came early and did little damage, and were followed by warm weather which accelerated farmers' activities. Plantings this year will be little changed from 1944 in the total, with more emphasis on oats, hay, and tobacco, and less on corn, soybeans, and potatoes. However, yields last year were unusually good, and are not apt to be duplicated this year. There will also be less livestock production here as elsewhere—fewer hogs, lambs, and eggs.

Ordinance employment is zooming now in the district, but aircraft and shipbuilding jobs are plummeting, with varied effects on payrolls—helping Louisville and Evansville, hurting St. Louis, and holding Memphis and Little Rock steady. Bedford, Ill., Paducah, Ky., Aberdeen, Miss., and Fort Smith, Ark., are on the upbeat.

**TWIN CITIES**—The farm year is off to a quick start with a very early spring encouraging seeding weeks ahead of schedule. This should help overcome labor shortages, intensified by last winter's draft inductions. District farmers are boosting flax acreage and lifting corn and oats plantings, while wheat and hay will be off. Wet corn still is a problem, despite improvised use of Minnesota hemp mills for corn drying (BW—Mar. 31'45,p26); boxcars are not expected to ease up soon.

The Twin Cities remains the district's critical labor shortage area, with 4,000 more workers needed now on ordnance work. Duluth-Superior expects to be finishing up on shipbuilding by late summer or early autumn.

Early spring should mean high shipping volume on the Great Lakes—and by opening up outlying farm roads, the weather has boosted activity at trading centers.



**KANSAS CITY**—The continuing shortage of boxcars not only is causing much loss of corn (BW—Mar.10'45,p97) but also is slowing efforts to remove many millions of bushels of wheat and sorghum still on hand. This is to make way for the new wheat crops foreshadowed by the unusually favorable above-normal rainfall in the winter, which have also helped flax, orchards, and potatoes. However, pig farrowings are running even lower than the reduced levels estimated before. 1944 farm income totals show a 6% drop over 1943, despite a sharp year-end livestock marketings.

New war plant expansions have been added this city for truck tires, dry battery, high-octane gasoline, and airplane engines. All this, on top of the large housing hospital projects now under way, will mean a construction boom requiring 50,000 building workers.

**DALLAS**—Heavy rains have delayed corn and cotton planting, but they have also built up subsoil moisture. Also, winter wheat and oats have developed rapidly in the north, and ranges continue in fine shape in the west. Good wool and lamb crops are coming in now in southwest Texas and southern New Mexico and Arizona, and the lower Rio Grande Valley is about to wind up its fruit and vegetable season, with a 20% jump in grapefruit output epitomizing the prosperity of that region. District farmers are planting less corn but more oats, less sorghum but possibly more cotton.

The wave of plant expansions over the past few months—chemicals, ordnance, tires, carbon black—is beginning to force a perceptible bulge in construction employment. District income will benefit over current months even if some of the projects are not put into operation later. Right now, manpower is tightening a bit.

**SAN FRANCISCO**—Factory jobs in California and its major arms centers, Los Angeles, San Diego, and this city, average a 15% drop from last year, due to a 25% fall in both aircraft and shipyard employment. This doubles the nation's decline—which, however, Portland and Seattle just about match. Aircraft right now is rising a bit, but shipbuilding is sure to fall—probably a 20% drop in man-hours in this area by midsummer. Seattle-Tacoma has the best prospects: accelerating B-29 manufacture and a new two-year aircraft carrier contract. Considerable construction as well as production and transport activity will continue to build up Pacific supply lines.

California field crop acreage is unchanged from 1944, with gains for barley and sugar beets, declines in other grains. Farm labor will again be tight. Right now, shortages of refrigerator cars are holding up fruit and vegetable shipments.

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## Margarine Drive

Industry takes advantage of wartime butter situation to push for repeal of laws which restrict sale of product.

From Maine to California the margarine industry is on the stump. It is battling as always—and with the same small measure of success—to shake off federal and state taxes piling up since 1886 under the hand of a dairy industry out to see at any cost, the nation's bread entered—and with nothing else butter (BW—Oct.23'43,p88).

• **Heavy Tax on Color**—For 59 years the government has afforded protection to dairymen by taxing margarine at the prohibitive rate of 10¢ a pound and uncolored margarine at 4¢. Manufacturers pay a license fee of \$600 a year; whole margarine \$480 if they sell colored margarine \$200 if it's uncolored; retailers \$48 annually to sell colored margarine or \$6 to sell it uncolored; retailers become subject to the \$600 manufacturers' tax if they color their margarine for customers.

On top of this, about two-thirds of the states have laws that in one or another further restrict the sale of margarine.

• **Sales Are Gaining**—But tax on sales of margarine at five red points a pound are soaring (BW—Dec.26'42,p19). Housewives who stood in long lines for one pound of butter now are on the hunt for margarine—and at the present price of 24 points per pound it is piling up on grocers' shelves. A bit startled by the sudden change of events, explains that the apparent glut is only temporary.

The War Food Administration, stating that war requirements for butter this year will be much higher than last year, has fixed the butter set-quota for April at 40% of production and for May at 55%. This means about 80,000,000 lb. of creamery butter will be available for civilians during the next two months as compared with an average of about 82,000,000 during February and March. Add to the shortage of lard (BW—Mar.11,p83) and the demand for margarine becomes even greater.

• **Further Increase Likely**—With butter available, civilian consumption of margarine in 1945 may be somewhat larger than the approximate 500,000,000 lb. (out of the 588,000-lb. total production) consumed

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ically in 1944 (BW—Feb. 17 '45,  
at 74,000,000 lb. of the total  
ation (compared to 24,000,000 lb.  
er) were purchased by the War  
Administration for lend-lease ex-  
(WFA purchases were of col-  
margarine since as a government  
it is not subject to the tax.)  
other 14,000,000 lb. went to  
army, Navy, Red Cross, Puerto  
Virgin Islands, and school lunch  
relief programs.  
increase in margarine produc-  
however, is guided by War Food  
42, the fats and oils order under  
manufacturers calculate their  
Since July, 1943, this quota  
been set at 167% of the average  
used during 1940 and 1941  
production totaled around 350,  
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ulation Is Modified—An adjust-  
in the order, effective Apr. 1,  
manufacturers in the next  
months of this year to use 120%  
total fats and oils used in April,  
and June of 1944. Whether this  
increase or decrease output depends  
the extent to which each manu-  
er used his full quota last year—  
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r marg  
cause of war pressures on butter  
es, the time looked ideal to many  
industry for margarine to cash  
its new popularity with consumers  
their demand for a bread spread  
quickly forgetting any social stigma  
might be attached to the use of  
imitation butter." But experience  
moved the dairy industry to be a  
ful pressure group.  
Industry Gets Some Relief—Pending  
the legislatures are some 20 bills  
would in one way or another lift  
restrictions on the sale and use of mar-  
gines. And in Georgia, Kansas, North  
Carolina, and Colorado (three of which  
states whose interests are naturally  
to furthering the consumption of  
lard and soybean oils), such leg-  
islation has been enacted.  
Georgia repealed the law which re-  
quired notice to be posted in public  
places on the menus and in  
rooms where margarine is served—  
"house uses oleomargarine"; Kan-  
sas and Colorado repealed laws charg-  
ing a 10¢ tax on margarine made  
from soybean oil; and North Carolina  
repealed a \$75 wholesaler fee as well  
other restrictions against sales.  
Spokesmen for the industry are op-  
timistic over getting some degree of  
relief in other states, including Ohio,  
Pennsylvania, but with some legis-  
latures already adjourning, their time  
is growing short.  
Legislation Pending—On the federal  
front, there are bills in both the



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the money- and time-saving advantages gained through this use of electric trucks. These powered handlers also make possible more efficient use of storage and production facilities . . . reduce damage to materials . . . make handling jobs safer and easier for workers.

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House and the Senate. The House proposal would repeal all federal per capita taxes and license fees, while the Senate measure would remove federal license fees for wholesalers and retailers, except colored margarine from the 10-cent pound tax (ipso facto no uncolored margarine would be made so all the margarine would then be tax-free), and take any liability for payment of the manufacturers' tax solely for colored margarine.

The industry through its national association is earnestly backing the House bill which goes all out. Hearings have been scheduled on but margarine interests are still hesitant.

● **Lacking in Support**—Manufacturers and distributors ascribe their lack of a more successful campaign against restrictions to the small size of the industry when compared to the powerful dairy group.

The soybean and cottonseed farmers who have become supporters only since manufacturers switched over less than twelve years ago from imported coconut oils, are still too busy with other problems to offer much support, and will yet go all out against the industry. And, manufacturers say, it is still a job of education to be done before the consumer is fully aroused.

● **Hard or Soft?**—But typical of the basic difficulty is the division within the industry over even such minor matters as pronunciation of the word itself. The National Assn. of Margarine Manufacturers, which includes many major producers except Best Foods Inc. (Nucoa), and Cudahy Packing Co., adhere to the soft "g" and have taken to advertising that the proper U. S. pronunciation is "mar-jar-in."

Best Foods, a leading producer, longs to the school that goes back to the Greek derivation and uses a hard "g," as in "go."

Best Foods says the only reason the company has never joined the 12-year-old association is company "policy." More light is thrown on what is behind this policy by the fact that Nucoa made entirely of vegetable oils, while the packing companies, in particular, use a certain amount of animal fats and hence aren't interested in pushing removal of state laws that in a way protect them by taxing margarine. Nucoa does not use animal fats or oleo.

● **Rivals Advertising More**—This year N.A.M.M. got going on an advertising campaign headlining the "new popularity of margarine." And the association also is placing a message on margarine packages telling the consumer the story behind colorless margarine and pointing out that it is often colored artificially.

A recent survey of the association

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## PUBLICITY GESTURE WITH WINGS

At an airport near Washington, lawmakers of the Congressional Flying Club maneuver their new trainer—a present from Aeronca Aircraft Corp. Coincidental with the gift to the 90-odd club members from the House are Aeronca's ambitious plans to make its plane the postwar family plane (BW—Sep. 16'44, p32). In sounding out future markets, the company reports that the nation's farmers may buy 60% of tomorrow's private planes. That's primarily because landing strips are more available and transport needs more acute in rural areas.

found that 61% of American housewives—double the proportion found in a 1941 survey—now use fortified margarine regularly.

The American Dairy Assn. finds this household popularity slightly terrifying, and is hitting hard to hold its established leadership and legislative gains. It is upping advertising funds, expanding merchandising and research activities.

• **Tax Revenue Up**—While the battle rages over taxes, state and federal coffers are filling up at a record rate. The Commissioner of Internal Revenue reports that for the fiscal year ended June 30, 1944, taxes from all sales of oleomargarine (as it is still called under federal law) increased \$1,463,019 over 1943 to total \$4,083,663.

Even in the great dairy state of Wisconsin, where before the war not one retailer applied for the \$25 license to sell margarine, today 568 sell margarine (BW—Feb. 26'44, p84).

The Milwaukee Journal recently carried a story saying that sales of butter in one of the city's large chain stores were down 25%, while the store can buy only 50% of its margarine requirements.

• **Public Acceptance**—Many more restaurants and other public eating places

are giving serious thought to the use of margarine as a spread and many are using it in more quantity than ever before (National Restaurant Assn. says 20% to 30%), despite the complications of state laws.

For example, in Missouri dishes for serving margarine must be labeled "oleomargarine." But the public is meeting up with margarine, white or yellow, in such prominent places as the exclusive Chicago Club, at the Pump Room of the Ambassador Hotel in Chicago, and the Hotels Astor and Biltmore in New York City, to mention only a few.

## N.A.V.S. ON DISTRIBUTION

The National Assn. of Variety Stores last January voted to investigate members' complaints that some suppliers were not allowing the variety merchants their full quotas of merchandise.

Results of the survey now reveal that these independent merchants don't have too much to complain about. A case in point is the report on distribution by E. J. Brach & Sons, Chicago.

Comparison of Brach's 1944 and 1941 shipments to N.A.V.S. members shows that these stores received, per-

centagewise, the standard candy ration allotted to other Brach customers—74% of 1941 use.

Merchants in areas which have experienced substantial wartime population growths (and for which OPA provided extra sugar rations) received proportionately greater tonnages. But why customers got only 74% when the sugar quota that OPA granted to manufacturers was 80% of 1941? Heavy government requirements in the latter part of 1944 used up all inventory especially granted above the quota for this purpose, and Brach had to buy from civilian-quota sugar to fill government candy orders.

This deficit is being made up to Brach dealers by shipments in excess of above current sugar quotas. The comparison that Brach sent to N.A.V.S. showed that dollar volume of 1944 shipments to these stores was 47% higher than in 1941, thus allowing the stores at least a 47% increase in dollar value of Brach merchandise.

## SMALL MOTORS GOBBLED

Lockheed Aircraft Corp. underestimated the demand for small motors when, in a recent issue of the Lockheed Star, it offered a quantity of single-phase, hand-drill motors with 1/4-in. shaft for sale to employees.

On the appointed Sunday, more than 2,000 employees appeared at the bank (Calif.) plant eager to make a deal. In short order, more than 1,000 went away empty-handed, for only a few of the little power plants were available—at \$8 each plus 20¢ state tax.

The motors can be adapted to hold chores—mixing, sharpening, grinding, polishing.

## P. S.

Demise of the familiar phrase, "is the Blue Network," was announced this week by the American Broadcasting Co., which will use the company's name exclusively in all announcements after June 15; the move is aimed at removing once and for all the final traces of former association with NBC. . . . Dept. of Commerce has completed comprehensive digest of state advertising laws, and Printers' Ink is having publication and distribution of a new book. . . . A new insurance for fur providing positive identification of and stolen garments went on the market this week with formation of the International Registry, Inc., which offers subscribers the "SaFURage Code Mark" a numbering system for each fur, identifying the furrier as well as the owner of the garment.



# THE WAR AND BUSINESS ABROAD

BUSINESS WEEK

APRIL 7, 1945



Germany's rapid disintegration as a fighting force has touched off a series of trend-setting developments at home and abroad.

Washington is tardily rushing plans to set up a Civil Affairs Administration to undertake the job of policing and of reorganizing both the political and economic life of the part of Germany which is to be controlled by the U. S.

Maj. Gen. Lucius D. Clay, until recently deputy director of War Mobilization & Reconversion under James F. Byrnes (page 15), will represent the U. S. on the new control organization. He left this week for a quick survey of his new job in Europe.

On his return at the beginning of May, Gen. Clay will set up an operating group of a dozen military and civilian experts who will be charged with the responsibility for drawing up:

- (1) A long-term plan for policing Germany after the last guerrilla fighting has ended and surrender terms have been accepted.
- (2) An immediate plan for restoring communications and whatever industries are unquestionably to be allowed the Germans.
- (3) A survey of industrial capacity against which reparations demands can be measured and ultimate payments organized (BW—Mar.31'45,p111).

In line with the stern peace terms promised for the Reich, **Clay's organization**—closely cooperating with the Allied Reparations Commission which will begin its deliberations in Moscow late this month—is **expected to rule that Germany be stripped of its synthetic gasoline and rubber plants, its aircraft and principal chemical industries.**

Protesting against these drastic measures are large groups in neighboring countries who fear the loss of the German market—continental Europe's largest single buyer before the war.

Compensation to be dangled before worried neighbors includes:

- (1) Promises to expand the industries of neighboring countries—especially Czechoslovakia, Poland, Hungary, Yugoslavia—so that they will absorb some of the raw materials and food specialties formerly sold to Germany.
- (2) Hints that Russia and the U. S. will boost their modest prewar purchases of European products.

**With the outcome of the war in Europe now assured, look for a spectacular speedup on Far Eastern battlefronts** (BW—Mar.24'45,p111).

Successful invasion of Okinawa achieves five main objectives:

- (1) Provides excellent air bases less than 400 miles from Japan.
- (2) Opens the way and provides protecting bases for air and naval attacks against Japan's lifeline between the home islands and the China mainland.
- (3) Outflanks and neutralizes Japan's great naval and air base on Formosa.
- (4) Prepares the way for a major invasion of China in the neighborhood of Shanghai or even of the strategic Shantung peninsula.
- (5) Sets the stage for a complete naval blockade of Japan to all but submarine connections with its sprawling conquests.

Evidence is mounting that this country expects to send a large land army

# THE WAR AND BUSINESS ABROAD (Continued)

**BUSINESS WEEK**  
**APRIL 7, 1945**

to China. Troops are already being shifted directly from Europe to the Orient, without home furloughs.

At home, tire and inner tube producing facilities are being rushed to provide supplies to move troops by truck over China's miserable roads.

**Not to be overlooked in appraising the outlook in the Far East and in estimating the probable time until V-J Day are these significant factors:**

(1) Japan's 2,000,000 troops in China are self-sufficient as far as food is concerned and, even if cut off from Japan, could fight for a long time on supplies produced in Manchukuo—unless Russia quickly steps in and cuts off that vital industrial zone.

(2) Tokyo—after 14 years of campaigning on the mainland—may find that it lacks the control over certain virtually autonomous Japanese officers and troops that would be necessary to bring about a surrender negotiated by Nippon's High Command.

**Though Moscow and Washington are mainly blamed for forcing the Argentine ignominiously and at the last minute to enter the war against the Axis or to run the risk of dangerous economic isolation, even London is feeling the heavy hand of Argentine retaliation.**

Aware of Britain's current meat crisis and disgruntled over the inability to get British goods against huge outstanding sterling balances, Argentina is hardening in its demands for higher meat prices in the pending new contract with London.

Packers in the Argentine (mainly British and U. S.) are asking price rises averaging more than 10¢, on the claim that labor costs have risen 45% during the year.

**The British are also running into unexpected and disturbing competition in the Argentine.**

Despite dissatisfaction with certain Argentine goods bought during the period when supplies from Britain were most seriously curtailed, South African buyers are again in Buenos Aires shopping for textiles, chinaware, felt and leather goods.

Instead of returning to former British suppliers, buyers from O.K. Bazaars—largest retail chain in South Africa—have already bought more than \$4,000,000 of Argentine goods.

Latest indication of the way in which the Soviet Union is making a play for support in Eastern Europe is the report that Warsaw, which can rehabilitate only 143 of the 700 trolley cars that served the Polish capital before the war, has received 30 modern trolley buses from Moscow, despite the serious shortage of transportation facilities in the Red capital.

**Note for construction equipment suppliers:**

Amtorg Trading Corp., official Russian buying and selling agency in the U. S., is preparing, in Russian, a 1,000-page publication to be called "Construction Methods in the U.S.A."

Carrying 700 pages of text and an advertising section of 300 pages, it will serve as a handbook of the most modern American construction methods and as a buyers' guide for materials and equipment needed in rebuilding war-devastated areas in the U.S.S.R.

# Latins Rear Trade Barriers

Protectionist trend spreads in South America while major supporting world powers plan lowering of their own import duties interest of international program for full employment.

Economists who insist that high level of employment and production in the major industrial nations of the world depend on a vast postwar expansion of international trade are seriously troubled by the trend toward import restrictions sweeping Latin America.

**Latin-American Barriers**—Just when the major world powers are about to call for a widespread lowering of trade barriers in the interests of postwar trade expansion, many Latin-American republics are making temporary or permanent moves to inhibit the import of foreign merchandise, raw materials, semimanufactures.

In contrast, President Roosevelt has urged Congress for authority, under an extended Trade Agreements Act, to negotiate tariff reductions of 50% from 1934 levels. This would permit tariff reductions of as much as 75% from 1934 levels. The original Trade Agreements Act authorized a 50% cut from 1934 base, but the U. S. has used up its bargaining power in over a decade of agreement-writing. If Congress approves, this American move would be a harbinger of hope for the impending international conference on commercial policy, at which major emphasis will be placed upon reduction of trade barriers by either a multilateral pact or many bilateral agreements.

**Self Interest Behind Trend**—The current protectionist trend in Latin America has many aspects. It may be, as some governments claim, simply an emergency program to prevent disastrous repercussions on home economies suddenly faced with a tide of imports when war restrictions are fully lifted in exporting countries. It may be an effort to bolster the bargaining position of individual countries in advance of drastic percentage-wise tariff cuts by international agreement.

Certainly some of the nations are attempting to conserve war-accumulated balances of dollars and sterling for the purchase of industrial equipment necessary to national economic development. And it will be this category of goods, now scarce, that will be in tightest supply even after the war.

**Imports Restricted**—During the war both the chief nations trading with Latin America—the United States and the United Kingdom—imposed drastic export controls, and for nearly two years Latin-American countries have

screened their own imports. The shortage of shipping compelled hemisphere nations to restrict imports to goods essential to maintaining economic equilibrium. Now that more and more export controls are being lifted, Latin America is primarily interested in rehabilitating its war-worn factories and transport systems, and in getting equipment to consolidate the position of war-expanded plants and to build new industries.

Apart from jacking up duties on imports, Latin-American countries have installed or retained import licensing systems to implement their dreams of autarky.

**Chile Boosts Duties**—The big question, yet to be answered, is how this trend may affect U. S. trade with the Latin-American republics. Last year U. S. exports to the 20 republics probably exceeded \$1,000,000,000, and im-

ports ranged in the neighborhood of \$1,600,000,000.

The accumulation of trade restrictions in Latin America has taken various forms in the different republics.

Chilean businessmen, early in 1944, organized to demand protection against imports, but were rebuffed by both their National Foreign Trade Council—official agency for screening imports—and by President Juan Rios. The trade group advocated imports of consumer goods to lower costs of living, and to force domestic producers to compete for business. Imports of industrial equipment were encouraged by removal of surcharges on duties.

Then, at the start of this year, Chile announced a sweeping increase in duty surcharges, ostensibly to boost national revenue. The rise is sufficient to push duties 60% above 1944 rates. Certain essential categories are exempt from the new levy.

**Venezuela Guards Economy**—Venezuela dropped duties on some machinery and industrial materials, autos, trucks, and parts, and some household items last year in an effort to ease the inflationary pressure on domestic prices.

The rigid permit import control system was slackened twice during 1944,



## GENERALS WITH JOBS ON TWO FRONTS

To the Reich this week goes Maj. Gen. Lucius D. Clay (left), new Civil Affairs Administrator for occupied Germany. After surveying economic and political conditions in captured areas, Clay will return to organize a permanent staff for a job which eventually will include reorganization of Germany's whole economy to meet reparations as well as security requirements. During his absence, Brig. Gen. William H. Draper, Jr. (right), formerly with Dillon Read & Co., investment bankers, assumes Clay's Washington responsibilities.





## BY POPULAR DEMAND

A stream of civilian shoes instead of military boots on a Moscow factory conveyor underscores reports that Soviet production for war is yielding to demands for sorely needed domestic items. In 1937 actual shoe output totaled 183,000,000 pairs—about a pair a person—and by 1942 the planned output was 258,000,000, which was undoubtedly chopped by war needs. Although the new production has been dictated by vital shortages—further aggravated by wants of liberated Russians—such changeovers are welcome to the Soviet, which has a long row to hoe in reinstating consumer-goods industries.

but what remains is being defended vigorously to (1) protect the national economy from sudden changes accompanying the end of the war, (2) retain control while shipping continues scarce, and (3) promote and protect infant national enterprises.

• **Effective Controls Retained**—Peru drafted an import licensing system last year, but an active opposition caused a system of voluntary control of imports to be applied in August. Finally, at the turn of the year, the control scheme went into effective operation to protect foreign exchange and to prevent excessive imports of dispensable luxuries.

Both Colombia and Ecuador retained

effective import controls in 1944, and reorganized the control agencies during the year to screen imports on the basis of (1) the nations' needs; (2) effect on domestic prices; and (3) exchange conservation. Luxuries were to be prohibited. Colombia set up a commission to review its customs controls and to devise ways of more effectively protecting national industries.

• **Argentina Drafts Program**—Argentina also prepared to protect new industries from foreign competition, although an exact program has not yet been revealed.

At the outset, the objective set for the government planners was protection by means of (1) new duties to encourage industry and prevent foreign dumping; (2) quotas and, if necessary, prohibition of selected imports; and (3) subsidies to national enterprises.

• **Brazil Extends Controls**—Even Brazil, one of this country's best customers in Latin America and chief beneficiary of American wartime good-neighborliness, has leaned toward the protectionist camp. Brazilian industry is rolling in wartime profits exacted through steep noncompetitive prices, and the prospect of an avalanche of American goods reaching the country after the war gives businessmen palpitations.

Their latest move has been to obtain extension of the import permit system, which previously covered a limited list of items, to include some consumer goods (china, earthenware, and glass articles), raw materials and manufactures of nonferrous materials (abrasives, asbestos, asphalt, and sulphur), semi-manufactures of iron and steel, non-ferrous metals and alloys, and many kinds of capital goods (manufactures of iron and steel and nonferrous metals, machinery, equipment and tools in general, locomotives, and refractory materials). Defense Ministry imports are excepted from control.

• **Dumping Banned**—Although the bill expressly states that the control is to last only "as long as the effects of the war continue" and is not intended "to protect uneconomic industries which can only subsist at the cost of permanent official favors" it is generally conceded that neither promise should be too seriously accepted.

Almost immediately after this move, the Brazilian Industrial Congress advocated immediate adoption of special legislation to protect the country against dumping.

The Rio Commercial Assn., representing big business in the capital area and a body frequently turned to by the government for advice, announced that it had not been consulted on the measure; that sudden changes of this sort were distressing to business; that the new measure conflicts with U. S. policy

of progressively relaxing restrictions on exports to Brazil; that it will cause unfavorable impressions in export countries and unexpected repercussions and retaliations; and that the controls require definition and revision if they are fully applied.

The president of the association taken up the matter with both president Getulio Vargas and the finance minister, and revisions are expected.

• **Mexico Boosts Rates**—Brazil does not end the list of countries trending toward protectionism. Mexico prepared to hoist import duties a year ago, but changed its mind and introduced limited controls on a small list of products (hides, lard, skins, and common

Mexican businessmen have pounded the dangers to economic stability inherent in the prospect of goods competing with war-born Mexican industries, and at the close of 1941 a duty rise was granted for a list of items including starch and glucose, paper bags, and billfolds, and certain steel manufactures. All of these items of recent Mexican production

## Brazil's Steel Mill

Plant projected as step toward development of rich ore areas may mean some orders for U.S. fuel. Our coal may be needed, too.

Rio de Janeiro officials have just contracted with a U. S. engineering firm for the designing of Brazil's first modern alloy and special steel mill.

According to plans laid down in a contract signed with H. A. Brasse Co. of New York City, the new mill will have an initial capacity of 60,000 tons of bessemer and electric steel, but will be located in an area where it can be economically expanded if ultimate demand in Brazil warrants it.

• **Shares New Power Source**—The company, Aços Especiais Itabira (Acesita), is a new, all-Brazilian organization. It will build its plant in the general neighborhood of the fabulous Itabira iron deposits (BW—Jan. 8 '44), where it can share with the recently modernized Rio Doce Railroad the output of a new 28,000-kw. hydroelectric station which will be built on the Jeicaba River.

Specification and purchasing of equipment for the new Acesita mill will be as soon as final priority problems have been cleared.

Basic program calls for an annual alloy and special steel production of 22,000 tons of sheet, 30,000 tons

## Mr. Friendly and the Bugbear at plant no. 3

The bugbear arrived the day Tom Peet broke his ankle and didn't show up for work.

Darned thing stood 50 feet tall . . . 20 feet wide and ugly as a V-bomb!

"Shades of Dr. Seuss," cried the plant owner, "we can't have that thing around. It's awful for morale."

But they couldn't even budge him with a crane . . .

That was when Mr. Friendly appeared. "Bugbear trouble, I see," he said. "Right up my alley. American Mutual . . . best bugbear exterminators in the business!"

He whipped out an American Mutual and Affiliate's Group Accident and Health Plan . . . and right then the bugbear paled.

"You see, this bugbear is only a fear," he explained, "a fear of being laid up without pay, like Tom Peet. A fear of doctor's bills. Hospital bills. Everyone's natural fear of not being able to keep the family going. This plan helps take care of all these bills promptly . . . and with a smile!"

"Just sign here," he said to the plant owner, "Then watch!"

Well sir, the ink was still wet on the paper when Mr. Friendly did it. He just waved Plant No. 3's new Group Accident and Health program at the bugbear . . . and the thing cowered, and

shrank and was gone!

"Whew," said the plant owner, "It's sure good to be rid of that!" Mr. Friendly agreed. And, Mister, you should have seen morale rise . . . and heard those men cheer!

**P.S.** If you'd like to hear the men in your plant cheer, we think you'd be interested in the American Mutual and Affiliate Group Accident and Health Plan. Men say it's remarkable. Write today to Dept. B-13, American Mutual Liability Insurance Co., 142 Berkeley St., Boston 16, Mass., for your free copy of the folder. You can read it in ten minutes!

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when trouble comes



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other rolled products, and about 10,000 tons of castings. Part of the rolled products is to be cold-drawn, but some will be forged into miscellaneous forgings, car axles, and wheel tires.

• **Some Probable Orders**—Equipment likely to be ordered from U. S. manufacturers includes two 100-ton charcoal blast furnaces, a 300-ton mixer, a 10-ton bessemer converter, and two 25-ton electric steel furnaces. Considerable quantities of auxiliary supplies will also be bought in the U. S.

Equipment for the hydroelectric project likely to be sought in the U. S. includes turbines, heavy transformers, switching gear, and transmission supplies.

Key personnel, both for construction and for initial operation, will be imported from the U. S. Ultimately the plant will employ 600 Brazilian workers.

• **High-Purity Ore**—The Itabira iron ore deposits, on which Brazil's growing steel industry is based, are the world's largest known reserves of high-purity iron ore. The war provided the impetus necessary to reorganize the transport and modernize the mining methods along lines expected to assure big-scale development which can economically outlast the war. Britain and the U. S. have contracted to buy 750,000 tons of ore a year for three years in order to fill shortages at home and help Brazil through the initial development period.

Brazil's rich Itabira ore mountain is fortunately located, as far as vital alloy ores are concerned.

In the neighborhood are manganese reserves estimated at 6,000,000 tons of first-grade and 10,000,000 tons of second-grade ore.

• **Nickel Is Available**—Nickel deposits are being worked at Livramento, where the reserves are capable of producing at least 12,000 tons of metal.

Fair-sized chromite and titanium ore deposits have also been found, and in neighboring Sao Paulo state there is tungsten.

Brazil, rapidly moving into position as the leading industrial power of South America, had between 1928 and 1938 an average annual production of about 200,000 tons of steel ingots. One important steel plant, Cia. Belgo Mineira at Monlevade, produces about 120,000 tons of rails and merchant bar annually. The rest was produced in small mills.

But the new National Steel plant at Volta Redonda, now nearing completion, is designed for a capacity of 300,000 tons of finished steel, largely structural, rails, and plate (BW—Nov. 13 '43, p. 48).

• **A Steel Importer**—The 1933-36 average for Brazilian imports of finished steel was 256,000 tons. It came almost exclusively from Europe, largely from

Belgium-Luxemburg. The capacity of the new steel plants is not expected to satisfy the Brazilian market and the fast-expanding country probably will remain a steel importer for some time to come. However, considerable expansion is planned for both the Acesita and Volta Redonda projects.

Thus with the world needing Brazil's agricultural and mineral products, an upgrading in imported goods is likely to occur in the future, a development which appears distinctly favorable to the U. S.

• **Coal Needed for Coking**—Utilization of Brazil's unusual mineral wealth has been curbed by the lack of good coking coal.

The Santa Caterina coal mines in the South, on which the Volta Redonda plant is based, are reported to be poor and to consist of two 16-in. seams separated by about 8 in. of slate. To coke one volume of coal, 2½ volumes must be mined, and the end-product is said to contain about 30% ash. It would be natural for Brazil to look to the U. S. and Britain for good coking coal as exchange for its minerals.

• **Is Wood the Answer?**—The Acesita plant, by basing its operation on the use of charcoal, will use up very large quantities of wood. Although wood is one of the riches of Brazil, blast furnaces require very large quantities, and while the valuable tropical-hardwoods of Brazil yield good charcoal, they could probably be used more advantageously for other purposes.

Thus Acesita is weighing the advantages of a later conversion from charcoal to coke operation and the possibilities of the new Brassert Low Temperature Direct Reduction Process.

## GREECE OFFERS TOBACCO

To regain a foothold in commerce and to bolster war-battered finances, liberated areas in Europe are seeking desperately to uncover exportable surpluses.

Greece is the latest to reveal such a surplus, claiming that between 44,000,000 and 55,000,000 lb. of tobacco are available for shipment. French Africa quickly exported phosphates after liberation, and French and Italian wines and liqueurs are already on the U. S. market.

Before the war Greece exported about 88,000,000 lb. of tobacco annually—more than 50% to Germany, 25% to the U. S. Production last year was around 55,000,000 lb., barely 50% of 1939 output. During the three-year German occupation, Greece supplied the Reich with 185,000,000 lb. at rock-bottom prices which forced farmers to grow more profitable crops.

## CANADA

### Controls Will Stay

Canada's price system will be retained for some time after V-E Day, but existing subsidies will be cut, eventually removed.

OTTAWA—Adaptation of Canada's price control system to reconversion conditions is now in progress.

• **Controls Will Remain**—The report of the Wartime Prices & Control Board, presented to Parliament last week, lays down this future policy:

(1) Controls, based on 1941 levels, are still necessary and will be continued for some time to come.

(2) In the future, subsidies will be used more sparingly.

(3) Existing subsidies will be removed.



### PROMOTING PAPER

As new head of Canadian Paper Assn., Robert M. Fowler occupies an important position between Canada's producers and the consumers who annually import more than \$215,000,000 of the Dominion's paper and paper products. Before accepting the appointment in Montreal, the 39-year-old attorney was secretary and general counsel of the War Prices & Trade Board at Ottawa. He was largely responsible for government's efforts to boost all types of wood production to meet war needs.



and eventually removed as a step toward complete lifting of price controls. \$210,000,000 in Subsidies—Price stabilization subsidies paid by WPTB in 1944 totaled slightly more than \$101,000,000, and similar payments by other agencies, chiefly production subsidies to farmers, brought the total up to about \$120,000,000. This means that the government spent about \$17 per person to guarantee Canadians stable prices and wages last year.

Largest items in the subsidy list were milk and petroleum payments. To hold the milk price (lowered by subsidy two years earlier to reduce the cost-of-living index) WPTB paid out \$19,400,000; and to enable petroleum products, imported at higher prices, to sell under the 1941 ceiling WPTB paid \$12,300,000.

After four years of rigid price control, Canadians are convinced that freezing of prices was a good thing. Inflationary pressure on ceilings, however, was never greater than it is today, and tightness of supply in certain lines is giving the price board a headache, and making rationing of clothing and resumed rationing of meats distinct possibilities.

**Remedial Actions**—The eighth victory campaign (BW—Mar. 17/45, p. 117) is expected to draw off a good deal of the surplus money in circulation. Directives to manufacturers calling for specified amounts of particular lines of textiles and clothing are being used to loosen the apparel bottleneck without introducing rationing. Meat supply depends upon how much can be moved overseas. Shipments are rising, and may make rationing inescapable.

For the first time since price controls were introduced, Ottawa has discovered that low prices can themselves create difficulties. The board warns that unless a gradual adjustment is made, eventual raising of Canada's low prices to world levels would aggravate inflationary tendencies in Canada.

**Unit Costs May Rise**—Also looking to the future, the WPTB sees cancellation of war contracts as a cause for price rises resulting from increased unit costs in many industries.

Other factors, however, may counterbalance these tendencies. Real labor costs may decline as more skilled and proficient workers return to their civilian occupations, as turnover and absenteeism decrease, and as overtime work becomes less necessary.

Costs of some materials are expected to fall, and the avoidance of delays and bottlenecks now caused by short supplies is expected to produce other cost savings. The board predicts a reduction in the cost of management as business gets time to re-examine its operating and purchasing methods.

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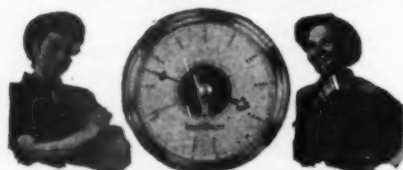
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# THE MARKETS

(FINANCE SECTION—PAGE 70)

Since last week's sharp price shakeout, the stock market has shown fairly strong recuperative powers. Early this week the New York Stock Exchange was able to point to an unbroken string of six daily trading sessions which had produced, for a change, more gains than losses.

• **Lost Ground Regained**—Not for some time has the Big Board boasted such an achievement. Equally encouraging to Wall Street's bullish elements was the fact that this period of price firmness permitted the rolling up, bit by bit, of sufficient gains to wipe out virtually all the damage inflicted on the industrial and rail stock price indexes by the wave of liquidation which hit the market so viciously early last week.

To many Wall Street market students, however, the current "rally" has provided little convincing evidence that the long-noticeable declining tendencies won't reappear suddenly with damaging results to prices generally.

To this group, the uptrend appears to be not a true rally, but rather the technical rebound more or less to be expected in the normal course of events following a cumulative drop as sharp as that seen over recent weeks.

• **Disappointing Factors**—Trading volumes, for one thing, have been most disappointing. They have been showing a consistent decline while prices have been edging up. Early this week they had slumped to around the 520,000-share level, a new low since last fall. Particularly noticeable, likewise, has been a tendency of late for transactions to become centered in fewer and fewer individual issues.

Such manifestations are not regarded as promising by stock market technicians.

Not even all of Wall Street's normally incorrigible bulls appear convinced at the moment that the decline which got under way early last month has yet run its course.

• **Causes of Perplexity**—Many of Wall Street's most experienced traders and investors are perplexed over the course they should now follow. They are uncertain about the market potentialities of the approaching peace in Europe and of the progress in the Far Eastern war theater. They also wonder about Washington threats to curb speculation by means of taxes or margin restrictions (or both), and how the many easily frightened novices who were attracted to stocks by the lively rise earlier this year will react to future events.

It's not that the experienced trader fears peace. He knows that, fundamentally, peace will be very bullish on the long pull. He's not so sure, however, of what the initial psychological response to victory will be.

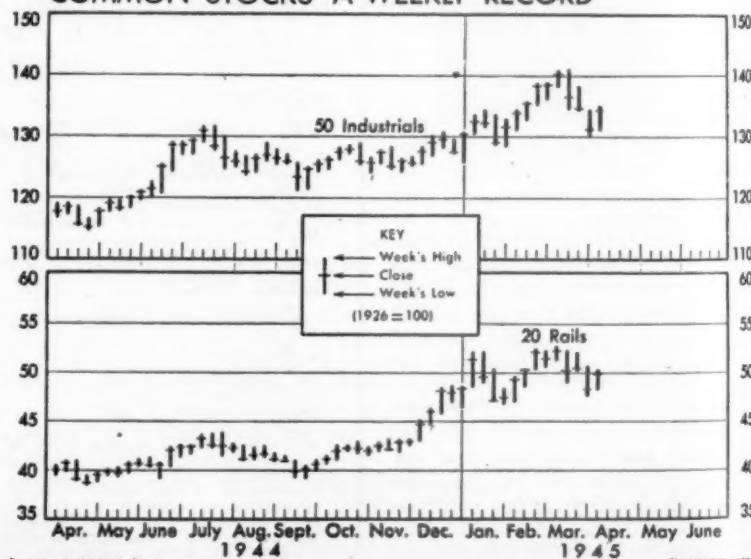
Many think that, before the peace boom starts, stocks will be available for a time at levels well under those now prevailing.

### Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial ...	134.4	131.3	140.2	117.8
Railroad ...	49.9	48.3	52.3	40.0
Utility ...	60.7	59.7	62.7	51.1
<b>Bonds</b>				
Industrial ...	123.2	123.2	122.3	120.7
Railroad ...	114.9	114.5	115.1	105.1
Utility ...	116.4	116.4	116.6	116.5

Data: Standard & Poor's Corp.

### COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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# THE TRADING POST

\*Symbol

## Entertainment or Service

Inability of officials in Washington to differentiate, for curfew compliance purposes, between serving of food and entertainment puzzles many who are in the restaurant business.

The Feb. 19 "request" by Justice James F. Byrnes that places of entertainment close at midnight specifically excluded restaurants engaged exclusively in serving food. But on Mar. 3, Byrnes informed the War Manpower Commission that the statement was intended to cover restaurants, except those that, prior to the issuance of the original statement, were customarily open all night. Two weeks later, following numerous complaints, the WMC announced a new interpretation, exempting restaurants not serving food primarily for entertainment seekers.

Difficulties of restaurant men in adjusting their buying practices and in assigning working hours to employees as a result of three different rulings within a single month can readily be appreciated. The thoughts of many probably are expressed in these words of Robert R. Williams, executive vice-president, the Ohio State Restaurant Assn.:

The restaurant industry has for the past 25 years, through the national and state associations, worked diligently and hard to place our restaurants on the quasi-utility position, as we have high quality food and render a needed service to the nation. During the war, when we have an opportunity to feed millions of war workers, we not only have rationing restrictions, manpower problems, etc., but we now have the sting of a bureaucratic department placing a curfew on our efforts.

Our industry is making every effort to inform the public clearly that we are not to be classified as places of entertainment, along with "public and private night clubs, sport arenas, theaters, dance halls, road houses, saloons, bars, shooting galleries, bowling, billiard and pool establishments, amusement parks, carnivals, circuses, etc."

## Farm Employment

The steady decline in farm employment for half a century is a matter of record. There is nothing to indicate that this long-range trend will be reversed. But that does not mean agriculture must be counted out as a source of additional jobs in the transition.

Through cooperation of the Committee for Economic Development, numerous surveys of agriculture's probable role in the postwar period are being made. Reports on Delaware County,

N.Y., and Chippewa County, Wis., two predominantly agricultural areas, recently have been published.

Both recognize that there is less need for manual labor on the farm, as a result of increased efficiency through mechanization. But both show that the decline in farm jobs has been at an accelerated rate as a result of the war, and indicate that a return to the normal prewar trend will mean jobs for more men than are now employed.

Delaware County farmers, for instance, reported that they would like to employ about 6% more agricultural laborers than they had in 1940. In that year about 66% of the farm work was done by family labor. Last year 74% of the total was by family workers, not through choice but because of necessity, if the wartime goals were to be achieved.

The Wisconsin survey revealed that many farm operators were now working harder and longer than they want; that much of the help they have is inefficient; that many of the older farmers expect to retire at the first opportunity. So farmers of that area, generally speaking, will welcome the return of men now in service or in war work.

Both surveys brought out that farmers have made their postwar plans for new construction, building repairs, and equipment replacement. But most of them say they expect to pay for their purchases from postwar current income, rather than savings.

All postwar plans must be flexible enough to meet changing conditions, but the desire to pay out of current income is a natural one, and it is evident that there will be no great amount of spending of savings unless the current income outlook is favorable.

Thus, the interdependence of agriculture and industry again is demonstrated. It has often been said that the nation cannot be prosperous without a prosperous agricultural community. But it is equally true that agriculture cannot possibly find a profitable market for its produce unless the factory wheels are turning.

The status of general business activity probably will be the greatest single factor of influence on farm income in the postwar period. Prices paid to the farmer will determine how many laborers he can employ, and how much new equipment and building materials he can buy from industry. Neither the farmer nor the businessman can plan successfully without understanding the effect their programs will have on each other.

W.C.



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\*Folia Fortis, a fitting companion to the Lion of Lucerne, this lion is one of two which guard the entrance to the world-famous Marinere Museum near Newport News.

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# THE TREND

## WHAT WE DON'T KNOW ABOUT RUSSIA

Prewar Russia was "a riddle wrapped in a mystery inside an enigma." The truth of Churchill's characterization has been emphasized by the subsequent amazement of allies and enemies at Soviet military feats.

Wartime Russia is a little better known—from the very economic strength that the country has displayed, from the exchanges of information that have developed out of the war.

• But what do we really know about postwar Russia? For instance, what is the Soviet productive capacity? How fast can it be expanded? Where is the Russian economy moving? Such questions have an important bearing on future world trade, strategy, and politics. And there are fundamental gaps in the knowledge from which we must find answers.

For an illustration of how little we still know of Russian production, take steel. Start with a reported 1940 output of 22 million tons of Russian steel, one-third as much as we produced that year. Figure how much of the capacity to produce that tonnage was concentrated in the Ukraine and difficult to move eastward when the Germans smashed the Ukraine. Remember how much of the steel capacity that did escape the Nazis had to be kept on munitions production, how little could be spared for the steel that's needed to expand steel capacity. Then, on the basis of such estimating, we might reasonably come out to a current Russian steel output of around 15 million tons a year.

Yet one estimate given some credence in American steel circles doubles the figure to 30 million tons—and there's reasoning to support this one, too. It is based on the fact that the Russians reported a steel output rising from 8 million to 20 million tons in the four years up to 1937, then told the world that it went up by only two million tons in the three following years. This has left a suspicion that some 1937-40 increases in capacity were concealed. And since it takes only 400,000 tons of steel to build the capacity to produce a million tons a year, there may be something back of those glowing but vague Soviet press stories of a bigger wartime expansion than we can deduce from what we know.

• Perhaps we should not be surprised by reports that, last year, the Soviets set a postwar goal of 60 million tons annual steel output, almost two-thirds of our own capacity today. But to guess when Russia could attain that, we would need to know not only the capacity with which the drive would start, but also, how much steel production will be absorbed by other Russian programs—for building truck, power, machinery, and similar plants for a rounded economy.

For even such a primary clew to Russian productive capacity as gross national product we are dependent

on highly tentative and unofficial estimates. From such estimates we might hazard a guess of over 40 billion dollars for Russia's gross national product in 1940 and now as against 100 billions for the United States in 1940. Carrying such a rough analysis further, it appears that by 1940 about six billion dollars a year was being invested to expand Russian industry. American investment on plants and equipment in 1940 was nine billions, but much of this was taken up in the replacement of wear and tear on a much larger industrial economy.

• In short, populous agricultural Russia had, in 1940, perhaps a third of our steel output and 40% of our gross product. Judging from past investment-income relationships and past industrial trends, it is conceivable that in a decade the Soviets could make up over half, but probably not all, the discrepancy between their 1940 economic position and ours of 1940. But, as the steel problem indicates, there are too many holes in our knowledge to permit the claim that our judgments do more than suggest possibilities.

And as for considering what contribution the U.S. could make towards speeding Russian expansion, we have only a couple of rough comparisons. Prewar Russia's annual exports ran under a half-billion dollars and this total has been forecast as a top for the immediate postwar period. So even a billion dollars a year in American capital goods exports would require large long-term credits. Because such goods would be in critical categories, hard for the Soviets to duplicate, they would be important for Russian expansion, but not crucial when compared with the Soviets' six billions a year of internal investment potential.

• In the last analysis, the greatest unknown is the Russian internal economy, and the direction in which it is moving. American visitors have widely reported a growing "class" differentiation between workers and managers in the state-owned and -run Soviet economy. And one new factor possibly providing a stable "class" base—though still small by western capitalist standards—is the public debt. For it has nearly tripled during the war, now totals better than one-third of the annual gross product, and pays annual interest of 1% to 2% of Soviet national income to those with accumulated savings.

Will the trend—if it is a trend—towards the emergence of classes set up new forces in Russia? Will it tend towards increased luxury goods production? Will it limit the growth of capital goods output? Might it not mean a changed political and economic relationship with the outside world?

Here especially, Russia remains an enigma.

*The Editors of Business Week*

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